*iSG Provider Lens™

Private/Hybrid Cloud – Data Center Services

A research report comparing provider strengths, challenges and competitive differentiators

QUADRANT REPORT | JUNE 2025 | U.S.

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Executive Summary

Report Author: Shashank Rajmane

AI-powered platforms and tools are significantly reducing manual intervention and operational costs

The rapid adoption of AI technologies, such as large language models (LLMs) and generative AI (GenAI), has led to an unprecedented demand for data processing and storage capabilities. AI is fundamentally transforming the digital landscape, with data centers at the heart of this revolution. Data centers are evolving from simple storage facilities into complex ecosystems that must support massive computational workloads. This transformation is driven by the need for high-performance processors like GPUs, CPUs and TPUs, which are essential for training and running advanced AI models. As a result, data centers are now critical infrastructure underpinning everything from online transactions to AI-powered services.

However, this growth comes with significant challenges, particularly in terms of power consumption, connectivity and cooling. AI workloads are energy intensive, requiring robust power supplies and advanced cooling systems to prevent overheating. Also, there is a need for high-speed, low-latency connectivity to ensure efficient data transfer between servers and users. These technical demands push service providers and data center operators to innovate rapidly, but they must also navigate an evolving regulatory landscape. New laws, such as the AI Act and expanded cybersecurity directives, are introducing stricter risk management and operational transparency requirements, compelling data centers to adapt quickly to stay compliant.

At the same time, the global expansion of data centers is facing increasing opposition from local communities and environmental groups. Concerns range from increased energy and water consumption to potential harm to local ecosystems and higher carbon emissions. High-profile protests have emerged in locations such as Virginia, the U.S.; London, the U.K.; Uruguay; and the Netherlands, where residents and activists argue that new data center projects threaten conservation areas, strain local

MSPs offer unified operations, ensure **business continuity** and deliver measurable **business value.**

resources and offer limited community benefits. In response, some developers are attempting to mitigate these impacts by repurposing industrial sites, investing in renewable energy and offering local economic incentives. At the same time, major tech companies have pledged to achieve ambitious sustainability targets.

Service providers are innovating and integrating AI, ML and intelligent automation into their offerings to optimize workflow, enhance monitoring and reduce manual intervention. For example, AI-powered platforms now proactively identify anomalies, automate alerts and support predictive maintenance, while IoT data is used for capacity planning and resource optimization. Cloud and hybrid delivery models are central to these innovations. Providers are helping enterprises migrate workloads to cloud or colocation data centers, implement server virtualization and manage multicloud environments with cloud-agnostic operations. For instance, a few providers have enabled clients to move away from traditional data centers and transition to cloud-based infrastructure, improving scalability, security and cost efficiency. Their managed services emphasize observability, automation and a strong FinOps framework to manage cloud spend and enhance security through *policy-as-code* and SecOps practices. Some providers deliver integrated management services using a cloud-first strategy, intelligent automation (through their proprietary platforms) and contextual business knowledge to customize solutions for clients seeking agility and scalability.

While the broader market is witnessing advancements like software-defined data centers (SDDC), edge computing enablement and the adoption of 5G networks, which are expanding the capabilities of managed services, these innovations are enabling real-time data processing, improved disaster recovery, and more agile, self-healing infrastructure management. As enterprises increasingly adopt hybrid and multicloud strategies, managed service providers respond with solutions that unify operations, ensure business continuity and deliver measurable business value through automation, observability and continuous optimization.

Some of the trends observed in the past year are discussed in the following sections.

AI-powered automation and AIOps:
Service providers are revolutionizing managed operational services for private and hybrid cloud infrastructure by integrating AI and ML technologies into daily operational activities. This trend encompasses proactive monitoring and predictive analytics, where AI and ML algorithms analyze real-time data, logs and metrics to detect anomalies and forecast potential operational disruptions. This early warning system allows for preemptive action, minimizing downtime and ensuring business continuity. Furthermore, AI insights trigger automated remediation and self-healing mechanisms, enabling systems to resolve common incidents, perform routine maintenance and optimize resource allocation autonomously, significantly reducing manual intervention and enhancing operational efficiency. AI is also leveraged for intelligent workload placement and optimization, ensuring the applications are dynamically positioned across private and public clouds based on a multitude of factors, including cost, performance requirements, compliance mandates and resource availability, leading to optimal utilization and cost-effectiveness.

Enhanced security and compliance:
Security continues to be one of the top priorities in managed operational services for hybrid cloud. Providers are embedding integrated security operations directly into their offerings, ensuring a consistent security posture across all managed environments. This includes continuous security monitoring, advanced threat detection capabilities and swift incident response mechanisms. Furthermore, the automation of compliance and governance processes is a key trend, with providers utilizing specialized tools and frameworks to automate compliance checks, enforce predefined security policies and maintain comprehensive audit trails across the hybrid infrastructure, thereby facilitating adherence to stringent regulatory requirements and mitigating potential risks. The implementation and management of zero trust architectures, based on the principle of continuous verification, further strengthens the security landscape across the hybrid environment.

Cost optimization and FinOps: Optimization of cloud resources has become central to the value proposition of managed services. Service providers deliver comprehensive cost visibility, providing organizations with detailed insights into their cloud spending across various platforms, enabling a clear understanding of expenditure patterns and identifying areas for potential savings. In addition, AI and ML facilitate AI-driven cost optimization recommendations, identifying opportunities to reduce cloud waste, optimize resource utilization and improve overall cost efficiency. Implementing showback and chargeback models provides granular cost allocation to specific business units or projects, fostering greater financial accountability and promoting cost-conscious behavior within the organization.

DevOps and containerization support: Service providers heavily invest in DevOps and containerization technologies, emphasizing skills and expertise in the domain. Integration with DevOps pipelines is a key focus, enabling consistent application deployment and management across hybrid environments

through CI/CD processes. Skills and tools for managing containerized applications and Kubernetes clusters across private and public clouds are also crucial offerings. Adopting infrastructure-as-code (IaC) practices, where infrastructure is managed through code, ensures consistency, repeatability and deployment automation. Service providers also offer valuable consulting and advisory services to guide organizations in formulating effective hybrid cloud strategies and optimizing their operating models, alongside training and upskilling initiatives to enhance clients' internal capabilities.

As demand for digital infrastructure continues to soar, the challenge will be to ensure that responsible development practices and effective regulatory oversight match technological progress in AI and data centers. Innovations in this space are helping organizations simplify operations, boost agility and maximize value from their hybrid cloud investments.

Provider Positioning   **Page 1 of 7**

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
11:11 Systems	Not In	Contender	Contender	Not In	Not In
365 Data Centers	Not In	Not In	Not In	Product Challenger	Not In
Accenture	Leader	Not In	Not In	Not In	Leader
Atos	Product Challenger	Not In	Product Challenger	Not In	Not In
Birlasoft	Not In	Product Challenger	Not In	Not In	Not In
Capgemini	Leader	Not In	Not In	Not In	Leader
CDNetworks	Not In	Not In	Not In	Contender	Not In
Centersquare	Not In	Not In	Not In	Leader	Not In
CGI	Product Challenger	Not In	Not In	Not In	Not In
Codero	Not In	Not In	Contender	Not In	Not In
Coforge	Not In	Rising Star ★	Not In	Not In	Product Challenger

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
Cogent	Not In	Not In	Not In	Product Challenger	Not In
Cognizant	Leader	Not In	Not In	Not In	Leader
Colocation America	Not In	Not In	Contender	Contender	Not In
Cologix	Not In	Not In	Not In	Product Challenger	Not In
Computacenter	Not In	Contender	Not In	Not In	Not In
CoreSite	Not In	Not In	Not In	Leader	Not In
CyrusOne	Not In	Not In	Not In	Leader	Not In
DataBank	Not In	Not In	Not In	Leader	Not In
Deloitte	Not In	Not In	Not In	Not In	Leader
Digital Realty	Not In	Not In	Not In	Leader	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
DXC Technology	Leader	Not In	Leader	Not In	Product Challenger
Ensono	Not In	Leader	Leader	Not In	Not In
Equinix	Not In	Not In	Not In	Leader	Not In
Expedient	Not In	Not In	Not In	Contender	Not In
Flexential	Not In	Not In	Product Challenger	Leader	Not In
FNTS	Not In	Contender	Not In	Not In	Not In
Fujitsu	Not In	Product Challenger	Product Challenger	Not In	Not In
HARMAN	Not In	Product Challenger	Not In	Not In	Not In
HCLTech	Leader	Not In	Not In	Not In	Product Challenger
Hexaware	Contender	Leader	Not In	Not In	Not In

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
Hitachi Digital Services	Not In	Product Challenger	Not In	Not In	Not In
HorizonIQ	Not In	Not In	Contender	Not In	Not In
HPE	Rising Star ★	Not In	Not In	Not In	Product Challenger
IBM	Not In	Not In	Product Challenger	Not In	Leader
Infinite Computer Solutions	Not In	Leader	Not In	Not In	Contender
Infosys	Leader	Not In	Not In	Not In	Product Challenger
Innova Solutions	Not In	Product Challenger	Not In	Not In	Contender
InterVision	Contender	Not In	Contender	Not In	Not In
Iron Mountain	Not In	Not In	Not In	Contender	Not In
Kyndryl	Leader	Not In	Leader	Not In	Leader

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
Lenovo	Not In	Not In	Not In	Not In	Product Challenger
Liquid Web	Not In	Not In	Product Challenger	Not In	Not In
LTIMindtree	Product Challenger	Not In	Not In	Not In	Product Challenger
Lumen Technologies	Not In	Contender	Product Challenger	Product Challenger	Not In
Microland	Contender	Leader	Not In	Not In	Not In
Mphasis	Product Challenger	Leader	Not In	Not In	Not In
NTT DATA	Leader	Not In	Leader	Leader	Not In
Orange Business	Not In	Contender	Not In	Not In	Not In
Park Place Technologies	Not In	Contender	Not In	Not In	Not In
Persistent Systems	Not In	Product Challenger	Not In	Not In	Product Challenger

Provider Positioning

Provider Positioning **Page 6 of 7**

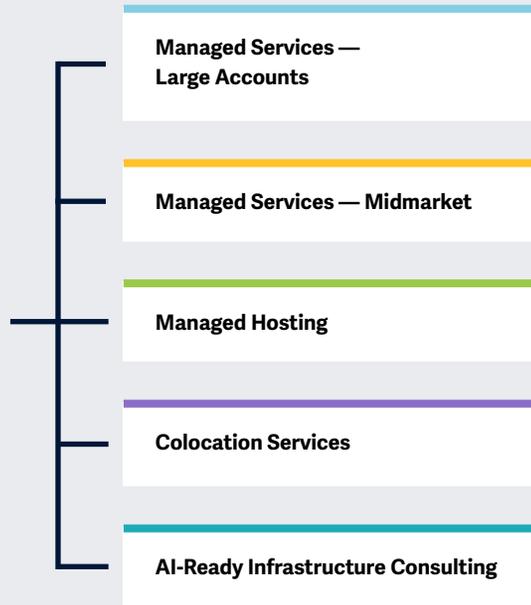|	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
phoenixNAP	Not In	Not In	Not In	Contender	Not In
PwC	Not In	Not In	Not In	Not In	Leader
QTS	Not In	Not In	Not In	Leader	Not In
Rackspace Technology	Product Challenger	Leader	Leader	Product Challenger	Product Challenger
Red River	Not In	Product Challenger	Not In	Not In	Not In
Stefanini	Contender	Not In	Not In	Not In	Not In
Sutherland	Not In	Contender	Not In	Not In	Contender
Switch	Not In	Not In	Not In	Contender	Not In
Syntax	Not In	Product Challenger	Contender	Not In	Not In
TCS	Leader	Not In	Product Challenger	Not In	Leader

Provider Positioning

	Managed Services — Large Accounts	Managed Services — Midmarket	Managed Hosting	Colocation Services	AI-Ready Infrastructure Consulting
Tech Mahindra	Product Challenger	Not In	Not In	Not In	Not In
TierPoint	Not In	Not In	Contender	Product Challenger	Not In
T-Systems	Product Challenger	Not In	Not In	Not In	Not In
Unisys	Product Challenger	Leader	Product Challenger	Not In	Product Challenger
UnitedLayer	Not In	Product Challenger	Leader	Product Challenger	Not In
US Signal	Not In	Not In	Not In	Product Challenger	Not In
UST	Not In	Product Challenger	Not In	Not In	Contender
Wipro	Leader	Not In	Not In	Not In	Product Challenger
Zensar Technologies	Not In	Product Challenger	Not In	Not In	Not In
Zones	Not In	Product Challenger	Not In	Not In	Not In

This study focuses on what ISG perceives as the most critical aspects of **private/ hybrid cloud and data center** outsourcing services in 2025.

Simplified Illustration Source: ISG 2025

Managed Services — Large Accounts

Managed Services — Midmarket

Managed Hosting

Colocation Services

AI-Ready Infrastructure Consulting

Definition

This study assesses global and regional providers offering hybrid cloud and data center services, including managed services, managed hosting, colocation services and AI-ready infrastructure consulting.

In today's digital age, enterprises are increasingly turning to private and hybrid cloud computing to enhance their operations and gain a competitive edge. Private cloud infrastructure is gaining popularity as it enables enterprises to exercise more control while enhancing scalability, flexibility and cost-effectiveness in data management and storage. With AI and GenAI technologies coming into the mix, enterprises are seeking high-performance, robust and secure infrastructures capable of effectively handling these AI workloads.

Each enterprise has different reasons for using a hybrid cloud, including security, data location, regulations, control over assets and custom applications such as those running on mainframes. A hybrid cloud setup provides more control and customization while leveraging public cloud platforms simultaneously. As per ISG, a hybrid cloud connects the existing on-premises infrastructure services with private and public clouds. An enterprise may also leverage colocation and hosting providers instead of owning a data center to have a hybrid cloud setup.

ISG has also observed enterprises demanding the implementation of ESG initiatives from infrastructure services providers. The rapid increase in digital transformation engagements is accompanied by a rise in energy demand, contributing to climate change, while government regulations are mandating a fast transition to carbon neutrality.

Scope of the Report

This ISG Provider Lens™ quadrant report covers the following five quadrants for services: Managed Services — Large Accounts, Managed Services — Midmarket, Managed Hosting, Colocation Services and AI-Ready Infrastructure Consulting.

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

- ransparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments
- 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 providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the 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 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 & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens™ quadrant may include a service provider(s) which ISG believes has 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.

★ 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.

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 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.

Managed Services — Large Accounts

Who Should Read This Section

This report is valuable for providers offering **managed services** to enterprises in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers and examines how each provider addresses key regional challenges.

IT and infrastructure leaders

Should read this report to analyze managed service providers' modernization and service capabilities and the market advancements that impact hybrid cloud strategies.

Software development and technology leaders

Should read this report to understand providers' positioning and offerings, and their impact on the ongoing infrastructure transformation initiatives.
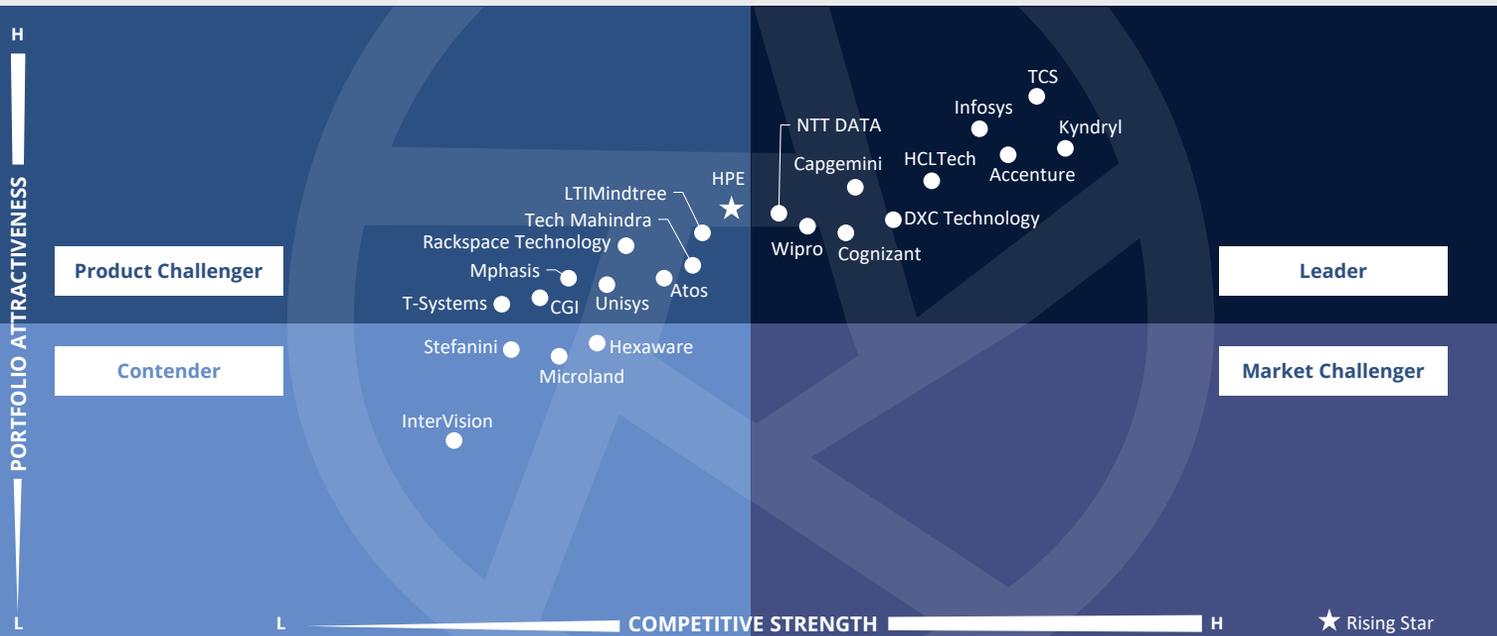
Sourcing, procurement and vendor management professionals

Should read this report to better understand the current landscape and partner ecosystem of managed service providers in the U.S.

ISG Provider Lens™

Source: ISG RESEARCH

Private/Hybrid Cloud – Data Center Services
Managed Services – Large Accounts

U.S. 2025

PORTFOLIO ATTRACTIVENESS (H / L)

Product Challenger

Contender

Leader

Market Challenger

COMPETITIVE STRENGTH (L / H)

★ Rising Star

Providers plotted:
- TCS
- Infosys
- Kyndryl
- NTT DATA
- Capgemini
- HCLTech
- Accenture
- Wipro
- Cognizant
- DXC Technology
- LTIMindtree
- Tech Mahindra
- Rackspace Technology
- Mphasis
- T-Systems
- CGI
- Unisys
- Atos
- HPE ★
- Stefanini
- Hexaware
- Microland
- InterVision

This quadrant assesses providers offering **managed services** for **private** and **hybrid clouds and traditional data centers** for **large enterprises**. They provide **transition** services, **manage daily operations** and help **optimize** clients' existing IT landscapes.

Shashank Rajmane

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Managed Services — Large Accounts

Definition

This quadrant assesses a provider's ability to offer ongoing managed services for private and hybrid clouds and traditional data center infrastructures and platforms to enterprise clients. These services include managing physical and virtual servers, middleware, storage, databases, and networking components across various environments, including client data centers, multicloud settings, provider facilities, or third-party colocation centers.

Such providers typically offer transition services, guiding clients to optimize their existing IT landscapes. Common projects include large-scale data center consolidation, virtualization, cloud enablement and configuration, and a software-defined data center implementation. These services may also include expanding existing facilities, migrating workloads, or creating new private/hybrid clouds and making them AI-ready.

Managed services involve transferring responsibilities to a service provider and are governed by SLAs with penalties for nonadherence. Key services include provisioning, real-time and predictive analysis, and monitoring and managing operations of a customer's on-premises, private, and hybrid cloud environments. These activities aim to maximize workload performance on the cloud, reducing costs and ensuring compliance, security, and, therefore, sovereignty. Providers are expected to adeptly manage both traditional and cloud-native application releases, encompassing continuous integration and delivery processes. They can also offer AIOps and MLOps capabilities by leveraging advanced AI and ML technologies to automate operational activities, train models, predict outages, and offer actionable insights.

Eligibility Criteria

1. Offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage, and databases) without depending on partners

2. Provide services within a client's premises or remotely and preferably through its **shared service centers** under the remote infrastructure management (RIM) model

3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization,** and **containerization**

4. Act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks, and management processes at the client's location

5. Provide services for the **centralized orchestration,** monitoring, and management of a hybrid IT infrastructure

6. Showcase relevant **certifications** to ensure security and compliance at the local level, contributing to greater sovereignty

Observations

The large enterprise market in 2025 reflects a shift toward industrialization, standardization and AI-centric operations at scale. Compared with last year, more providers have solidified their positions in the quadrant and have strengthened their technical portfolios and cross-industry reach, especially in AI infrastructure, FinOps and platform engineering. At the same time, some providers have recalibrated their focus on standardized service delivery and modular pricing to meet the demand for transparency and cost control. An increased emphasis on preintegrated, automation-led operating models marks a departure from bespoke, high-touch engagements. This transition supports enterprises' desire for predictable outcomes, self-healing operations and accelerated onboarding across hybrid estates.

AI and GenAI readiness have become table stakes and not differentiators. Providers have integrated advanced GPU orchestration, domain-specific frameworks and container-native toolchains into their managed service platforms. Cross-vertical demand

for modernization spanning mainframe migration, edge computing and compliance has intensified. Clients now expect full lifecycle partnership, including risk-sharing, FinOps and measurable business outcomes. However, the maturity gap between large enterprise and midmarket adoption persists, with providers fine-tuning their value propositions and go-to-market (GTM) strategies to unlock new growth segments. The focus on harmonizing legacy integration, multicloud orchestration and future-proofing for AI innovation remains paramount, as sustainability and regulatory alignment are increasingly embedded into managed service contracts.

From the 71 companies assessed for this study, 23 qualified for this quadrant, with 10 being Leaders and one a Rising Star.

accenture

Accenture has sharpened its focus on building AI-based private and hybrid clouds, shifting to containerized systems with strong governance. Its sovereign cloud integration capabilities align with U.S. data residency needs, positioning it as a key partner for AI-driven enterprise modernization.

Capgemini

Capgemini increasingly blends its engineering DNA with domain-focused innovation to deliver automation-rich private and hybrid cloud services for U.S. enterprises. Its vertically tailored, AI-integrated cloud environments emphasize compliance, security and modular frameworks.

cognizant

Cognizant has begun reorienting its managed services from conventional IT outsourcing toward value-linked transformation, using financial accountability as a strategic differentiator. It improves its relevance by embedding FinOps and outcome-based engagement models.

DXC TECHNOLOGY

DXC Technology is steadily repositioning itself as a modernization partner for enterprises with deep legacy footprints by reengineering traditional workloads through platform-led AI operations. It is moving toward an AI-driven, programmable, self-service capabilities provider.

HCLTech

HCLTech enhances hybrid cloud management by combining financial governance, AI resilience and policy-based orchestration. Its DRYiCE™ MyCloud platform unifies control and intelligence, balancing cost, performance and compliance for legacy-heavy industries.

Infosys

Infosys enhances hybrid cloud services with integrated orchestration and intelligence via its Polycloud platform. Its prearchitected blueprints and automated tools reduce operational complexity by moving fragmented hybrid cloud infrastructure to a modular, business-aligned model.

kyndryl

Kyndryl is redefining itself from a traditional infrastructure provider to a hybrid cloud strategist, using Kyndryl Bridge as a live optimization layer and embracing Agentic AI to drive autonomous, outcome-based and governance-aligned hybrid operations.

Managed Services — Large Accounts

NTT DATA integrates AI, edge and private cloud into a modular service stack. Its GPU-as-a-service and private AI infrastructure are gaining traction in the U.S., reflecting a pivot toward unified, secure and scalable hybrid operations for distributed and regulated workloads.

TCS is evolving hybrid IT into an AI-native operating model, blending Adaptive XPU, GenAI-led legacy transformation and sovereign cloud governance to enable domain-aligned, compliant modernization for enterprises in critical sectors.

Wipro is converging AI, edge and legacy modernization into a domain-aligned, automation-rich hybrid cloud fabric, anchored by BoundaryLess Enterprise, to simplify orchestration and meet compliance, analytics and performance goals for complex U.S. enterprise environments.

HPE (Rising Star) is reshaping managed services with standardized, rate card-led delivery and deep integration capabilities, enabling hybrid and high-performance computing HPC clients to adopt cloud-native methods while retaining cost control, speed and infrastructure flexibility.

Kyndryl

"Kyndryl stands apart for its consultative approach and deep operational expertise, enabling enterprises to modernize and unify their private and hybrid cloud landscapes while achieving measurable business outcomes."

Shashank Rajmane

Overview

Kyndryl is headquartered in New York, U.S. It has more than 80,000 employees and operations across 60 countries. In FY24, the company generated $16.1 billion in revenue, with Principal Markets as its largest segment. Kyndryl emphasizes integrated solutions that blend infrastructure automation, advisory expertise and mainframe modernization. The company has diversified its portfolio to encompass end-to-end capabilities, from AI-driven platforms to DevOps-based transformation. Within the U.S., Kyndryl focuses on helping clients adopt a pragmatic approach to digital evolution, enabling secure data center operations, orchestrated cloud landing zones and AI-ready platforms.

Strengths

Platform-centric hybrid IT services: Kyndryl delivers hybrid IT through its proprietary Kyndryl Bridge platform, a control and visibility pane that unites infrastructure, data and applications under one framework. It enables optimization by mapping each workload to its ideal location (on-premises data centers, mainframes or public cloud). U.S. enterprises benefit from low complexity, simplified management, real-time insights and automated workflows.

Outcome-focused modernization: Kyndryl's consulting-led methodology targets measurable outcomes such as efficiency gains, rapid releases or overall cost savings. Its approach covers everything from mainframe modernization to containerizing and merging applications with AI-enabled workflows. It ensures that each modernization effort aligns with the client's strategic objectives with custom solutioning, instead of leveraging a standardized technology path.

Global delivery and collaborative ecosystem: Kyndryl leverages decades of operational experience and extensive global partnerships to deliver large-scale engagements. Its alliances with AWS, Azure, Google Cloud, Cisco and Veritas provide clients with best-fit technology stacks, while its own R&D and coinnovation labs foster new service developments. U.S. enterprises benefit from a robust advisory, deployment and day-two operations engagement.

Caution

Kyndryl's revenue has declined compared with last year, but that is intentional, as it is moving away from low-margin engagements inherited from IBM and prioritizing high-margin contracts to improve its bottom line. Clients should get clarity on the delivery of traditional infrastructure services in future engagements.
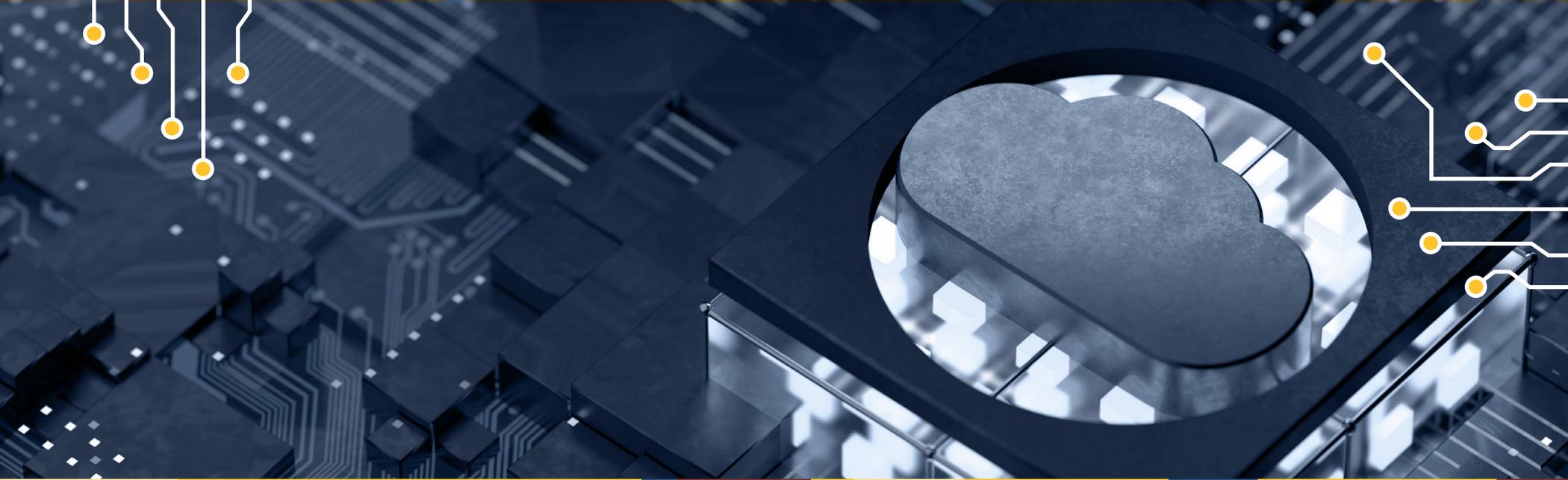
Managed Services — Midmarket

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ISG Provider Lens™

Source: ISG RESEARCH

Private/Hybrid Cloud – Data Center Services
Managed Services — Midmarket

U.S. 2025

Product Challenger

Contender

Leader

Market Challenger

PORTFOLIO ATTRACTIVENESS (H / L)

COMPETITIVE STRENGTH (L / H)

★ Rising Star

Zensar Technologies
Persistent Systems
Hitachi Digital Services
Innova Solutions
Coforge ★
HARMAN
Syntax
Red River
Zones
Fujitsu
UnitedLayer
Birlasoft
UST
Sutherland
Lumen Technologies
11:11 Systems
FNTS
Computacenter
Orange Business
Park Place Technologies

Unisys
Rackspace Technology
Ensono
Mphasis
Hexaware
Infinite Computer Solutions
Microland

This quadrant assesses providers offering **managed services** for **private** and **hybrid clouds** and **traditional data centers** for the **midmarket**. They provide **transition** services, **manage daily operations** and help **optimize** clients' existing IT landscapes.

Shashank Rajmane

Managed Services — Midmarket

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Managed services involve transferring responsibilities to a service provider and are governed by SLAs with penalties for nonadherence. Key services include provisioning, real-time and predictive analysis, and monitoring and managing operations of a customer's on-premises, private, and hybrid cloud environments. These activities aim to maximize workload performance on the cloud, reducing costs and ensuring compliance, security, and, therefore, sovereignty. Providers are expected to adeptly manage both traditional and cloud-native application releases, encompassing continuous integration and delivery processes. They can also offer AIOps and MLOps capabilities by leveraging advanced AI and ML technologies to automate operational activities, train models, predict outages, and offer actionable insights.

Eligibility Criteria

1. Offer **services for private and hybrid clouds and data center infrastructure** (servers, middleware, storage, and databases) without depending on partners

2. Provide services within a client's premises or remotely and preferably through its **shared service centers** under the remote infrastructure management (RIM) model

3. Demonstrate experience in **large transition** projects that include **automation, consolidation, virtualization,** and **containerization**

4. Act as an **extension of clients' IT organization** and get involved in creating blueprints, architecture frameworks, and management processes at the client's location

5. Provide services for the **centralized orchestration,** monitoring, and management of a hybrid IT infrastructure

6. Showcase relevant **certifications** to ensure security and compliance at the local level, contributing to greater sovereignty

Observations

The midmarket enterprises have undergone a decisive shift this year, shaped by the convergence of AI-driven automation, outcome-based service expectations and sector-specific regulatory demands. This year, competitive differentiation is less about the breadth of infrastructure and more about the depth of intelligent automation. Providers that can deliver predictive analytics, agentic operations and low-touch remediation are setting new standards for operational resilience. Notably, client expectations have pushed the market toward commercial models that reward tangible business outcomes over time-and-materials (T&M) or asset-based pricing, with a greater willingness to shift workloads dynamically between environments.

The quadrant has also seen repositioning among key players, with several providers making strategic alliances, especially around AI, GPU enablement and regulatory/compliant solutions, to address the increasing complexity of AI and GenAI workloads and vertical compliance. There is a growing focus on integrating edge-to-core hybrid architectures, leveraging automation for operational efficiency, securing distributed assets and ensuring compliance at scale. As midmarket enterprises accelerate their adoption of hybrid models, the competitive landscape is increasingly defined by a provider's ability to combine industry knowledge, automation and flexible commercial constructs to deliver value beyond basic infrastructure management, thereby setting a higher bar for midmarket managed services in 2025 and beyond.

From the 71 companies assessed for this study, 27 qualified for this quadrant, with seven being Leaders and one a Rising Star.

ensono

Ensono strengthens its role as an automation-driven managed services partner, enhancing service elasticity and operational control at the edge. It supports distributed, client-owned environments via unified platforms and helps orchestrate legacy, edge and hybrid infrastructure.

HEXAWARE

Hexaware has transitioned from a modernization-centric provider to an orchestration-focused partner, blending automation, edge-native capabilities and GenAI to serve distributed enterprise environments.

Infinite Computer Solutions

Infinite Computer Solutions increasingly differentiates itself by embedding AI-native capabilities within its core delivery architecture. Through its SRE-first approach and domain-specific agentic automation, it delivers robust managed services with a modular and industry-aligned service stack.

MICROLAND®

Microland is shifting from a traditional infrastructure services role to an AI-first modernization enabler, combining GenAI-powered agents with HPC-ready infrastructure delivery. It addresses a growing demand for intelligent, on-premises hybrid cloud operations.

Mphasis

Mphasis has moved beyond traditional infrastructure transformation by embedding domain-aware modernization pathways tailored to regulated industries. Its ability to orchestrate carve-outs, legacy exits, and hybrid adoption without vendor lock-in reflects a consultative posture.

rackspace technology®

Rackspace Technology is repositioning itself as a specialist in production-grade AI infrastructure within hybrid environments by using its FAIR offering with its FinOps-aligned orchestration. It has pivoted toward use case-based incubation and industry-leading support.

Managed Services — Midmarket

Unisys

Unisys integrates compliance-aware automation, observability and governance into a unified ZeroOps model, offering a seamless hybrid cloud experience tailored to regulated sectors seeking predictability, auditability and reduced service fragmentation.

Coforge

Coforge (Rising Star) has recently acquired Rythmos to bolster its cloud capabilities. This move is in line with the company's strategic objectives of expanding into industry-specific technology services and strengthening its geographical presence in the U.S.

Managed Hosting

Who Should Read This Section

This report is valuable for providers offering **managed hosting** services in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers and examines how each provider addresses key regional challenges.

IT and infrastructure leaders

Should read this report to analyze managed hosting service providers' modernization and service capabilities and the market advancements that impact hybrid cloud strategies.

Software development and technology leaders

Should read this report to understand providers' positioning and offerings, and their impact on the ongoing infrastructure transformation initiatives.

Sourcing, procurement and vendor management professionals

Should read this report to better understand the current landscape and partner ecosystem of managed hosting service providers in the U.S.

ISG Provider Lens™

Private/Hybrid Cloud – Data Center Services
Managed Hosting

U.S. 2025

PORTFOLIO ATTRACTIVENESS

H

Product Challenger

Contender

Rackspace Technology
UnitedLayer
Kyndryl
NTT DATA
Ensono
DXC Technology

Lumen Technologies
Unisys   Fujitsu
Flexential   TCS
Liquid Web   Atos   IBM

TierPoint   Codero   HorizonIQ
InterVision   Syntax
11:11 Systems
Colocation America

Leader

Market Challenger

L

L   **COMPETITIVE STRENGTH**   H   ★ Rising Star

This quadrant assesses providers offering **enterprise-grade** hosting solutions using their **own** or **third-party** facilities. Providers are responsible for the **ongoing management** of data center equipment such as **servers, storage, operating systems** and **networks**.

Shashank Rajmane

Managed Hosting

Definition

This quadrant assesses service providers that offer standalone enterprise-grade hosting solutions using their own or third-party facilities to enterprise clients. The providers assessed in this quadrant are responsible for managing and maintaining data center components such as servers, storage, operating systems, and connectivity to the external network. Ideally, clients state their application and operating requirements, and the managed hosting provider is responsible for provisioning the client's infrastructure to keep applications running effectively, with optimal performance, security and adherence to sovereignty requirements.

The assessment encompasses providers monitoring IT assets, such as legacy systems and private and public clouds, through hybrid cloud management platforms. However, this evaluation excludes providers solely offering hybrid cloud management tools or platforms. Key service levels considered in this benchmark include data center tiers, multilayered security, service availability, and network (LAN) I/O performance during peak

times. The assessment focuses on providers that deliver comprehensive managed hosting services, ensuring high performance, security, and reliability for enterprise clients. Enterprises also expect managed hosting providers to offer automated backup and recovery services utilizing advanced techniques and hosting applications near the workload to achieve ultra-low latency.

The quadrant also evaluates providers offering AI-optimized infrastructure, ensuring scalability, flexibility, and cost-effectiveness. It considers AI tools and platforms for developing, deploying, and running AI workloads, as well as the support provided to ensure the efficient operation of these workloads.

Eligibility Criteria

1. Offer **enterprise-grade hosting** solutions using their own infrastructure

2. Offer active-active and active-passive **disaster recovery and backup services**

3. Have **technical** and **financial capabilities** to upgrade infrastructure and maintain capacity plans, as needed, to ensure consistent hosting performance in keeping with increased demand

4. **Have the potential to scale** and **maintain dedicated servers**, storage, and shared cloud

resources on the same network and management platform

5. Provide at least **five layers** of **data center security**

6. Offer **infrastructure** and **support** optimized for hosting AI workloads

7. Demonstrate capabilities in managing infrastructure, with a focus on performance, security and compliance with sovereignty mandates.

Observations

The managed hosting market in 2025 is characterized by accelerated maturation, with a clear movement toward modular, AI-optimized, and compliance-driven infrastructure solutions. A defining shift this year is the increased integration of AI and automation within core hosting platforms, not just as add-ons but embedded as standards for operational efficiency, availability and real-time observability. Providers are no longer just promising resilience and uptime but are being evaluated on granular SLA differentiation, flexible disaster recovery models and the ability to orchestrate and be compliant for multiple environments, especially for highly regulated sectors. This shift has resulted in a more transparent delineation between commodity hosting and advanced, value-added managed hosting, pushing the market toward higher accountability, transparency and measurable client outcomes.

Another emerging trend is broadening the term *enterprise-grade* to include technical robustness and security and demonstrated environmental responsibility, as carbon reporting and energy-efficient hosting become essential purchasing criteria for U.S. enterprises. Provider investments in sustainable operations, clean energy sourcing and eco-centric infrastructure management are now market differentiators rather than fringe attributes. The 2025 Managed Hosting quadrant reflects a market where providers must be adaptive, compliant and AI-capable, supporting legacy and cloud-native workloads under unified, compliance-attested frameworks.

From the 71 companies assessed for this study, 21 qualified for this quadrant, with six being Leaders.

DXC TECHNOLOGY

DXC continues to mature its managed hosting model by blending traditional mainframe strengths with containerized, SLA-governed delivery models, ensuring performance and reliability for U.S.-based enterprises seeking predictable, latency-aware hybrid hosting infrastructure.

ensono

Ensono combines legacy-hosted mainframe expertise with a progressive focus on DevSecOps and cloud-native adoption, positioning itself as a hybrid hosting partner capable of supporting modernization efforts and entrenched infrastructure needs across U.S. enterprises.

kyndryl

Kyndryl shifts from having a legacy-heavy focus to being a transformation-led hosting partner by integrating Kyndryl Bridge with Kyndryl Consult, enabling platform-driven, consultative engagements that steer hosting strategies beyond IBM Z environments.

NTT DATA

NTT DATA aligns its hosting growth with rising GenAI and AI infrastructure demand. Its global data center expansion and sustainability focus position it to serve U.S. enterprises needing secure, high-performance environments for compute-intensive, mission-critical workloads.

rackspace technology

Rackspace Technology is repositioning its managed hosting strategy around AI-native infrastructure and automation-first service delivery. This evolution is anchored in GPU-powered platforms, healthcare-grade compliance and simplified AI model deployment.

UnitedLayer

UnitedLayer is steadily evolving from a niche provider into a specialized partner for enterprises prioritizing sustainable, AI-ready hosting. It emphasizes on decarbonization, infrastructure customization and multilayered compliance.

Kyndryl

Leader

> "Kyndryl offers a broad portfolio of managed hosting services to several large enterprises in the U.S through its vast data center footprint. It also provides traditional infrastructure and specialized hybrid cloud services through a strong partner network."
>
> *Shashank Rajmane*

Overview

Kyndryl is headquartered in New York, U.S. It has more than 80,000 employees and operations across 60 countries. In FY24, the company generated $16.1 billion in revenue, with Principal Markets as its largest segment. It delivers enterprise-scale managed hosting services through a broad portfolio, spanning infrastructure, mainframe and middleware, integrated via platforms such as Kyndryl Bridge. In the U.S., the company is advancing automated modernization, hybrid hosting and colocated deployments while expanding client transformation services through Kyndryl Consult and its strategic cloud alliances.

Strengths

Holistic hosting services: Kyndryl offers a wide range of hosting services, including bare metal, mainframe, Unix and multitenant public cloud services. Over the years, it has expanded its managed hosting business through several acquisitions. Kyndryl also offers private cloud as a service for clients with data residency requirements in the same country. Also, it has inherited several U.S.-based enterprise clients from IBM.

Strong hybrid cloud infrastructure portfolio: Along with robust hosting services, Kyndryl offers a broad portfolio of infrastructure services, such as managed services and colocation services. It can connect clients to private, public or hybrid clouds; migrate their workloads to these platforms; and provide ongoing management on top of hyperscale public clouds, becoming a one-stop shop for all infrastructure needs.

Highly resilient and available infrastructure: Kyndryl offers comprehensive SLAs in the industry including five-nines availability. It provides configurable options for enterprises that require high availability and high resiliency to host critical and noncritical business applications cost-effectively. Its zCloud offering includes hot standby and high-availability modes that offer highly available infrastructure for production environments for U.S.-based enterprises.

Caution

Although Kyndryl offers notable hosting services, most of its hosting services are focused on managing IBM's Z ecosystem, as it has a dedicated practice for this infrastructure. The company should also focus on growing its hosting capabilities to meet high-performance computing requirements.
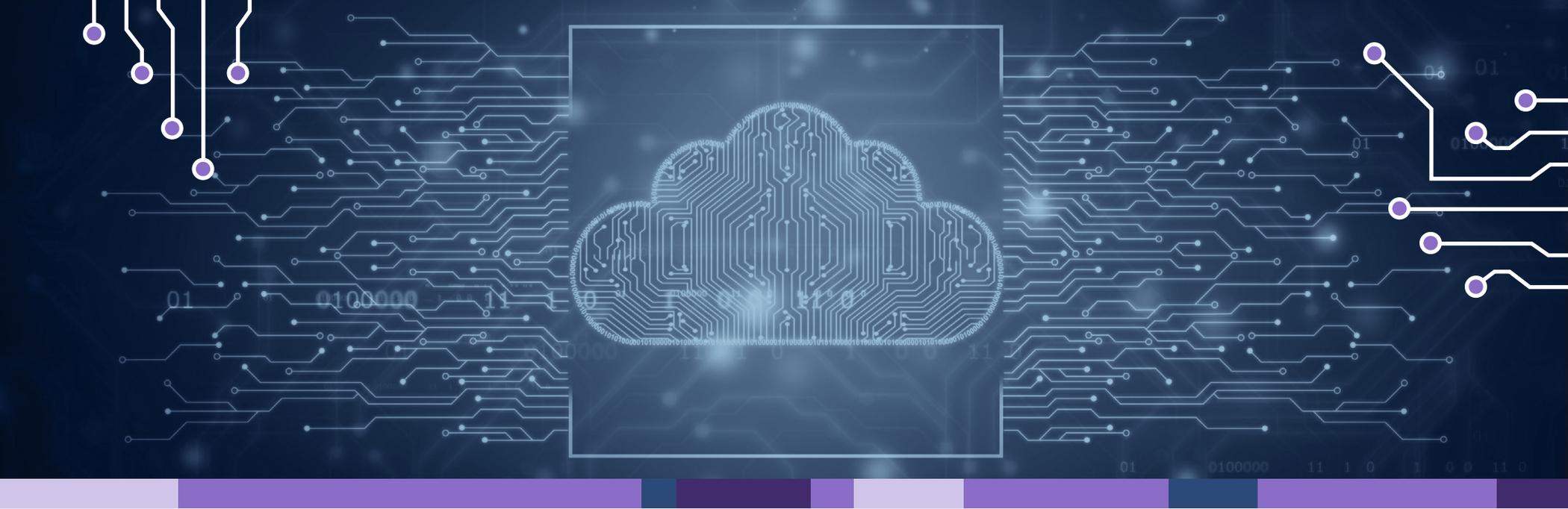
Colocation Services

This report is valuable for providers offering **colocation services** in the **U.S.** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers and examines how each provider addresses key regional challenges.

IT and infrastructure leaders

Should read this report to analyze colocation providers' capabilities and the market advancements that impact the management and operation of key workloads.

Software development and technology leaders

Should read this report to understand providers' positioning and offerings, and their 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 the U.S.

ISG Provider Lens™

Private/Hybrid Cloud – Data Center Services Colocation Services

U.S. 2025

Portfolio attractiveness (vertical axis, L to H) vs Competitive Strength (horizontal axis, L to H).

Product Challenger
- UnitedLayer
- Rackspace Technology
- Lumen Technologies
- 365 Data Centers
- Cologix
- US Signal
- Cogent
- TierPoint

Contender
- Expedient
- Iron Mountain
- Colocation America
- phoenixNAP
- Switch
- CDNetworks

Leader
- Equinix
- Digital Realty
- QTS
- DataBank
- NTT DATA
- Flexential
- Centersquare
- CoreSite
- CyrusOne

Market Challenger

★ Rising Star

This quadrant assesses providers that offer standardized **data center operations** as colocation services that include **sophisticated** and **secure data center** setups, several carrier options, **interconnectivity, low latency** and **high bandwidth**.

Shashank Rajmane

Definition

This quadrant assesses colocation providers offering standardized data center operations for enterprise clients, where they rent space for servers and computing hardware in a third-party infrastructure space. At a minimum, providers are expected to offer building, cooling, power, and security services while clients manage their hardware, supporting data sovereignty and compliance with local regulations.. Key provider offerings include high-quality data center setups and onboarding services, diverse connectivity with various carriers and telecommunication providers, low latency, high bandwidth for content delivery, and scalability and flexibility in services, with much focus on security and compliance to ensure data and infrastructure protection.

Enterprises expect a standardized and sophisticated data center setup, several carrier options, and low latency and high bandwidth, along with professional support, remote hands, and monitoring and maintenance capabilities. Colocation providers are keeping up with enterprise demand for advanced infrastructure that can accommodate AI workload

requirements such as high-performance computing, enhanced network connectivity through software-defined interconnections (SDI), data sovereignty, and edge-ready colocation services. They are expected to offer a secure, high-performance environment for critical IT infrastructure by leveraging next-generation AI and ML technologies that are adaptive to changing business needs.

Eligibility Criteria

1. Own facilities that offer **modern and standardized data center** architecture design for colocation

2. Offer **secure** and high-quality **network** equipment, appliances, and connectivity systems

3. Guarantee **power density** to support current and future technologies

4. Provide at least **five layers of data center security**

5. Have relevant **certifications** such as SSAE 16, HIPAA, ISO 14001, ISO 22301, ISO 27001, ISO 50001, EN 50600, PCI DSS, NIST2, FISMA, and SOC Type 1 and 2

6. Be amenable to SLAs related to **hands-and-feet support** and hardware replacement

7. Offer **facilities with traffic exchange points** in proximity to users and hyperscalers

8. Offer **disaster recovery and backup solutions**

9. Provide **modular** and **scalable** solutions to allow **rapid deployment** for custom or temporary needs

10. Have measures to improve **sustainability**

11. Offer facilities that meet industry standards for security and compliance, and support clients' sovereignty objectives.

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Observations

The U.S. colocation market shows a decisive shift toward intelligent, AI-optimized infrastructure, where high-density readiness, GPU-grade power configurations and advanced cooling have become baseline offerings. Providers are evolving from purveyors of traditional space-and-power models to players offering software-defined, automation-rich environments. A significant development in FY24, is the emergence of modular build-to-suit designs and real-time provisioning interfaces that allow clients to scale infrastructure dynamically. These digital-first capabilities, paired with remote orchestration tools and on-demand network provisioning, are reshaping how enterprises engage with colocation.

Sustainability remains central, where an increasing number of providers now offer carbon-neutral campuses, energy-efficient retrofits and Department of Energy (DOE)-aligned initiatives, making ESG a procurement trigger for enterprise clients. However, the race to support AI technologies and high-performance computing (HPC) at scale introduces cost complexities for small enterprises. Providers that can decouple scale from cost, offering modular density, flexible contracts and usage-based models will be better positioned than their peers in this market. The quadrant has matured from GenAI readiness in 2024 to full-scale AI enablement in 2025, signaling that colocation is no longer just a realty or infrastructure choice but a strategic pillar for hybrid-native, AI-first enterprises.

From the 71 companies assessed for this study, 23 qualified for this quadrant, with nine being Leaders.

CENTER SQUARE

Centersquare advances its edge by blending standardization with customization. Its software-led colocation services reduce friction in multisite deployments, transforming infrastructure into a programmable layer, ideal for midsize firms that want to scale.

CoreSite

CoreSite is evolving into a data gravity hub for AI-driven hybrid workloads, combining NVIDIA-certified colocation, ultra-high bandwidth on-ramps and cloud proximity to support compute-intensive, low-latency enterprise deployments across key U.S. markets.

CyrusOne

CyrusOne has shifted from standard colocation to scalable, personalized infrastructure. It is emphasizing on high-density builds, modular designs and tailored frameworks, highlighting its evolution to an *engineering-first* partner for long-term client retention.

DataBank

DataBank is transitioning its stance from regional relevance to national significance, driven by architectural maturity and design intelligence. Its adaptable colocation environments support AI infrastructure, positioning it as an integrated builder and not merely a space provider.

Digital Realty

Digital Realty showcases a shift to data-centric ecosystem, blending orchestration platforms such as ServiceFabric™ with PDx® frameworks. This embeds traffic-aware, AI-compatible designs and positions clients as participants in an interconnected, scalable digital ecosystem.

Equinix

Equinix emphasizes ecosystem proximity as a core design strategy, integrating AI and HPC into IBX and xScale offerings. By optimizing compute, storage and connectivity, it creates a convergence zone for AI workflows where workload placement considers strategic presence.

Flexential

Flexential is redefining colocation through its willingness to integrate unconventional resiliency models such as lunar data storage with grounded, high-density infrastructure design. This fusion is expected to address AI and HPC demands while future-proofing data strategies.

NTT DATA

NTT DATA is focused on integrating engineering resilience and operational predictability into every layer of its colocation offering. The dual layered resiliency via seismic base isolation and AI security positions it as a viable option for clients in regulated sectors.

QTS

QTS this year has advanced to colocation as a software-driven experience provider rather than just an infrastructure provider. By minimizing physical intervention and maximizing control via tools such as SmartCam™, its automation greatly aids multisite/hybrid setups.
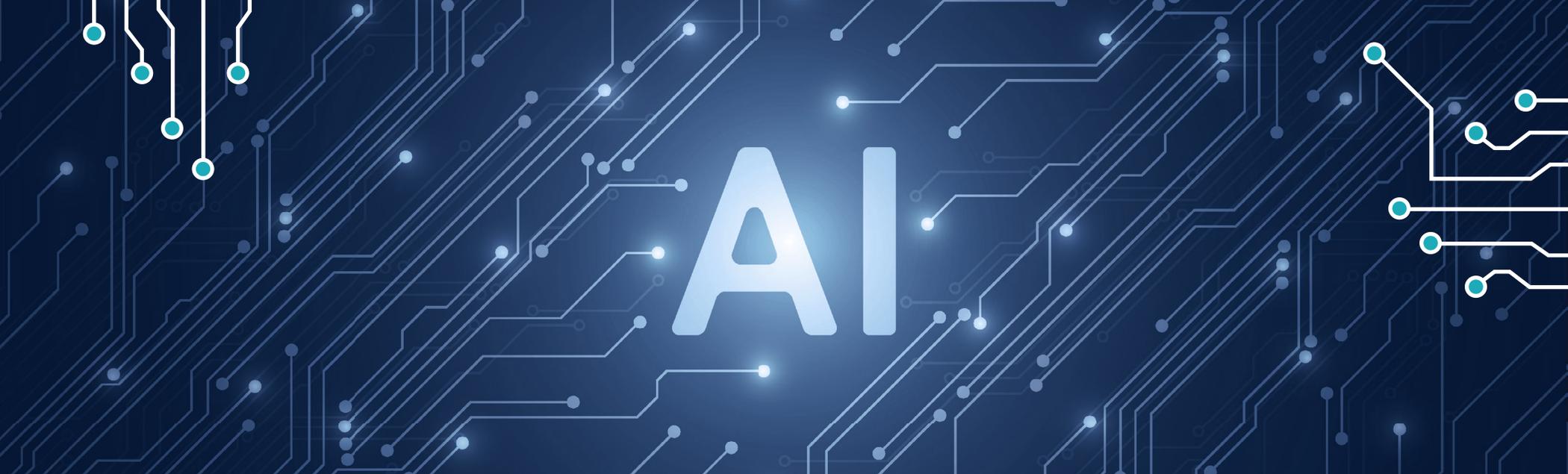
AI-Ready Infrastructure Consulting

Who Should Read This Section

This report is valuable for providers offering AI-ready infrastructure consulting services in the U.S. to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers and examines how each provider addresses key regional challenges.

IT and infrastructure leaders

Should read this report to analyze AI-ready infrastructure consulting providers' capabilities and the market advancements that impact the management of key workloads.

Software development and technology leaders

Should read this report to understand providers' positioning and offerings, and their impact on the ongoing development at an enterprise level.

Sourcing, procurement and vendor management professionals

Should read this report to understand the current landscape and partner ecosystem of AI-ready infrastructure consulting providers in the U.S.

ISG Provider Lens™

Private/Hybrid Cloud – Data Center Services
AI-Ready Infrastructure Consulting

U.S. 2025

PORTFOLIO ATTRACTIVENESS

H

Product Challenger

Contender

Rackspace Technology

HCLTech

Lenovo   HPE

Infosys

LTIMindtree   Wipro

Coforge   Unisys   Persistent Systems

DXC Technology

TCS

IBM

PwC

Cognizant

Kyndryl

Deloitte   Accenture

Capgemini

Leader

Market Challenger

Innova Solutions

UST

Infinite Computer Solutions

Sutherland

L

L   **COMPETITIVE STRENGTH**   H   ★ Rising Star

This quadrant assesses providers offering consulting services for building **AI-ready infrastructure** and is responsible for **managing** data center equipment such as **servers, storage, operating systems,** and **networks** daily to run **AI workloads**.

Shashank Rajmane

Definition

This quadrant assesses a provider's ability to offer consulting and transformation services to build a comprehensive hybrid infrastructure optimized to design and continuously deploy AI workloads. The provider capabilities include helping clients select suitable hardware, software, cloud, and networking infrastructure to identify areas where AI can have the most impact and maximize ROI. The providers also help develop the road map, assess risks, and design the overall infrastructure architecture while setting up security guardrails to mitigate risks such as data privacy infringements and ethical concerns involved with implementing AI technology.

The assessment includes providers capable of designing and implementing an optimized infrastructure that supports AI workloads, focusing on scalability, performance, and cost-efficiency. These providers help clients build a robust data strategy, create a data pipeline, and manage it effectively through data governance models that align with AI initiatives. The providers guide clients in selecting the right AI models — whether large or small

language models — and facilitate deployment on suitable infrastructure platforms. Providers also aid enterprises in choosing relevant agents and creating an optimum, secure agentic AI environment that meets compliance requirements.

Eligibility Criteria

1. Assess and design **infrastructure architecture** to deploy AI applications using GenAI tools, including LLMs, while enabling efficient **data processing and model training**

2. Offer **best practices** and **frameworks** to accelerate the development of a robust and secure AI infrastructure landscape, including ML and LLMs

3. Have experience in **optimizing AI** tools, methods, and resources for performance and cost efficiency

4. Offer a **data strategy** and **data governance** structure to support **AI initiatives**

5. Have experience in establishing **security guardrails** to protect **sensitive data** processed into AI workloads and LLMs by adhering to **security protocols** and **regulatory compliance**

6. Facilitate **automated provisioning**, **configuration**, and **management** of AI infrastructure while continuously **monitoring** AI workloads and **optimizing** performance

Observations

As AI adoption rises exponentially, so have its infrastructure requirements. The demand for AI-ready infrastructure that can host AI workloads has skyrocketed. It is projected to account for over 30 percent of the overall data center capacity by the end of 2025. Enterprises recognize that traditional IT infrastructure services are not aligned with advanced AI-based high-performance needs, especially for model training and inference, which require specialized hardware such as GPUs and TPUs. Therefore, enterprises seek external help from service providers to design, implement and manage the right infrastructure layer for hosting compute-heavy AI workloads. Service providers are partnering with companies like NVIDIA, AMD and Intel to collaborate and offer industry-specific services for highly scalable, high-throughput and low-latency AI infrastructure requirements. AI is also being used to optimize operational services for private and hybrid cloud infrastructure through AIOps by integrating AI and ML technologies into

daily operational activities. This encompasses proactive monitoring and predictive analytics, where AI and ML algorithms analyze real-time data, logs and metrics to detect anomalies and forecast potential operational disruptions. This early warning system allows for preemptive action, minimizing downtime and ensuring business continuity.

From the 71 companies assessed for this study, 23 qualified for this quadrant, with eight being Leaders.

accenture

Accenture invested $6.6 billion in 2024 to enhance its AI practice, which includes AI infrastructure consulting. It also launched a 30,000-strong NVIDIA group and expanded its Google Cloud partnership, to bolster its capabilities in deploying scalable, secure AI systems.

Capgemini

Capgemini invested $937 million in 2024 to enhance AI services, launching agentic AI solutions with Google Cloud and NVIDIA. It established GenAI labs and RAISE frameworks, with GenAI comprising 5 percent of fourth-quarter bookings, emphasizing scalable, secure AI deployments.

cognizant

Cognizant has invested $1 billion in GenAI capabilities, launching Advanced AI Labs and training over 70,000 associates on Google Cloud's AI technologies. It expanded partnerships with Google Cloud and Microsoft and deployed scalable and secure AI infrastructure across industries.

Deloitte.

Deloitte launched AI Factory as a Service, integrating NVIDIA and Oracle technologies to deliver scalable AI infrastructure solutions. The firm also introduced Zora AI, an agentic AI platform designed to automate enterprise tasks, enhancing productivity and operational efficiency.

IBM

In 2024, **IBM** enhanced its AI infrastructure consulting by integrating watsonx with hybrid cloud platforms. The $6.4 billion acquisition of HashiCorp bolstered its cloud automation capabilities, while its AI consulting business surpassed $5 billion in revenue, reflecting strong enterprise adoption.

AI-Ready Infrastructure Consulting

kyndryl

Kyndryl has expanded its AI infrastructure consulting in the U.S. by launching services with Microsoft to enhance data security for AI readiness. It partnered with NVIDIA to accelerate GenAI deployments and introduced Copilot consulting to streamline enterprise AI adoption.

pwc

PwC in the U.S. has committed $1.5 billion to enhance AI services, launching *agent OS* for AI agent coordination and deploying ChatGPT Enterprise to its 75,000 employees. These initiatives bolster scalable, secure AI solutions, emphasizing interoperability and workforce integration.

TCS TATA CONSULTANCY SERVICES

TCS has launched its AI.Cloud unit, integrating AI and cloud services to enhance AI infrastructure consulting. The company developed over 150 agentic AI solutions and trained 300,000 associates in GenAI, emphasizing scalable, secure AI deployments across industries.

Kyndryl

Leader

"Kyndryl specializes in consulting around AI technology and delivering high-performance, scalable, and flexible AI solutions tailored to diverse client needs, thus accelerating their AI adoption journey."

Shashank Rajmane

Overview

Kyndryl is headquartered in New York, U.S. It has more than 80,000 employees and operations across 60 countries. In FY24, the company generated $16.1 billion in revenue, with Principal Markets as its largest segment. Kyndryl's AI infrastructure consulting practice focuses on AI lifecycle orchestration, model governance and multicloud data pipeline readiness through Kyndryl Bridge and Kyndryl Consult. It offers modular blueprints that support GPU-intensive AI workloads across hybrid cloud ecosystems. In the U.S., Kyndryl partners with hyperscalers and chip vendors to design sovereign AI environments for industries such as healthcare and public services.

Strengths

Strong consulting practice: Through Kyndryl Consult, the company empowers U.S. enterprises to leverage AI and ML effectively, helping them build the right infrastructure. The process begins by identifying specific business challenges where AI can provide solutions, followed by designing the infrastructure, rapid prototyping to test, to finally refining the solutions. Kyndryl also advises selecting the right foundational models for full-scale operations, ensuring efficient and reliable performance.

Robust partner ecosystem: Kyndryl has strategically collaborated with NVIDIA, allowing Kyndryl Consult to leverage NVIDIA's AI Enterprise software, providing clients with optimized, GPU-accelerated solutions for demanding workloads and model training.

Kyndryl also offers deep integration with major hyperscalers such as AWS, Azure and Google Cloud, ensuring seamless multicloud deployments and robust data pipeline integration.

Governance and compliance focused advisory: Kyndryl is committed to responsible AI and has developed robust risk-mitigation frameworks and sovereign cloud options, prioritizing AI implementations' transparency, privacy, and security. Moreover, it proactively addresses stringent industry regulations, including GDPR, healthcare mandates and financial guardrails, giving U.S. enterprises the confidence to adopt and scale AI solutions.

Caution

Modernizing COBOL/AS400 for AI requires significant refactoring resources, leading to high costs and complex project management, which could be a hurdle for clients heavily invested in legacy infrastructure seeking to adopt AI solutions. Kyndryl needs to introduce a phased adoption solution for them.

Appendix

The ISG Provider Lens 2025 – Private/Hybrid Cloud – Data Center Services study analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this study will include data from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of May 2025 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

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

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Manager and Principal Analyst

Shashank Rajmane has more than a decade of extensive experience in research and works as a Principal Analyst at ISG. He leads the efforts for ISG Provider Lens™ studies — Public Cloud Services & Solutions and Private/Hybrid Cloud & Data Center Outsourcing Services. He also authors the U.S. and Global reports. Apart from these, Shashank has been part of many consulting engagements and helping ISG's enterprise clients with their cloud strategy, along with selecting the right service providers/ vendors based on their IT-related buying requirements. He has authored several white papers, thought leadership articles, briefing notes, blogs and service provider intelligence reports, especially in the next-generation hybrid cloud and infrastructure services domain. Shashank has also delivered several workshops, webinars and podcasts and has been quoted in IT journals.

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Senior Research Analyst

Yatharth is a Senior Research Analyst at ISG. He is responsible for supporting and co-authoring Provider Lens™ studies on Public Cloud and Private Hybrid Cloud Data Centre Solutions and Services. Yatharth supports the Lead Analysts in the research process on multiple regions and authors the global summary report, and focal points. He also collaborates with the Lead Analysts in the process of rating the providers and building insights around the market trends and drivers.

Yatharth has over six years of experience with a strong background in research, data analysis, and business analysis. In his previous role, Yatharth oversaw custom research and analysis projects to support businesses in better decision-making. Specializing across various industries with Everest Group, Yatharth provided valuable insights and recommendations and led in-depth analyses of enterprises and their operations to provide tailored insights to the clients.

Author & Editor Biographies

Study Sponsor

Heiko Henkes
Director & Principal Analyst, Global IPL Content Lead

Heiko Henkes serves as Director and Principal Analyst at ISG, overseeing the Global ISG Provider Lens™ (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as a strategic program manager and thought leader for IPL lead analysts.

Henkes heads Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice. His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business strategies and change management in a cloud-AI-driven business landscape. Henkes is known for his contributions as a keynote speaker on digital innovation, sharing insights on using technology for business growth and transformation.

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.

About Our Company & Research

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 (Nasdaq: III) is a global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth.

The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

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