

# Magic Quadrant for Web Hosting and Hosted Cloud System Infrastructure Services (On Demand)

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**The Web hosting market is evolving rapidly and converging with cloud system infrastructure services, creating new opportunities for cost savings and business agility. These services are all unique, and vendors must be chosen with care.**

## WHAT YOU NEED TO KNOW

Web hosting is rapidly converging with cloud system infrastructure services. For the last several years, the market has been evolving toward on-demand infrastructure provisioned on a flexible, pay-as-you-go basis, but the introduction of cloud computing offerings has radically accelerated innovation in this market. The economic downturn has accelerated adoption of these offerings, thanks to the cost-savings that can be achieved by the move from physical to virtual services, and from purchasing for peak capacity to obtaining what you need only when you need it. The majority of hosting customers now obtain at least some of their infrastructure on-demand, and most new hosting contracts include on-demand services. This evolution has quickly changed the vendor landscape, bringing many new entrants to rapid prominence, as well as decreasing the relevance of hosters who have failed to make this shift.

As a result of this market shift, we have changed our inclusion and evaluation criteria for the Magic Quadrant. We have based our 2009 evaluation on five use cases for hosting, all of which are made more cost-efficient by on-demand infrastructure. The use cases are:

- Self-managed hosting, for cost-effective agile replacement of a traditional data center.
- Mainstream managed hosting, for Web content and applications of low to moderate complexity.
- Highly complex managed hosting, for rich Internet applications.
- Global solutions portfolio, for a diversified set of interactive marketing needs.
- Enterprise applications hosting, for infrastructure underlying complex applications such as SAP.

Choose a provider based on its ability to provide a cost-effective architecture and high-quality customer experience for your envisioned use case.

## MAGIC QUADRANT

### Market Overview

The Web hosting market is in the midst of business and technological transformation. Over the next five years, the cloud trait of elasticity will come to dominate this market. Although customers are, over the long term, still likely to sign multi-year commitments for managed services, the infrastructure itself will be obtained on-demand.

This is a time of both great opportunities and great risks for Web hosters. New entrants are altering the landscape, and established hosters that previously lagged the market have been able to make bold investments in an attempt to catch, or even overtake, more established competitors. Hosters must execute the change to the business and technology model without disruption to their existing customer base. Many established providers are investing aggressively in technology innovation and exploitation, and we expect that some will engage in mergers and acquisitions in order to decrease their time to market and obtain engineering expertise with new technologies.

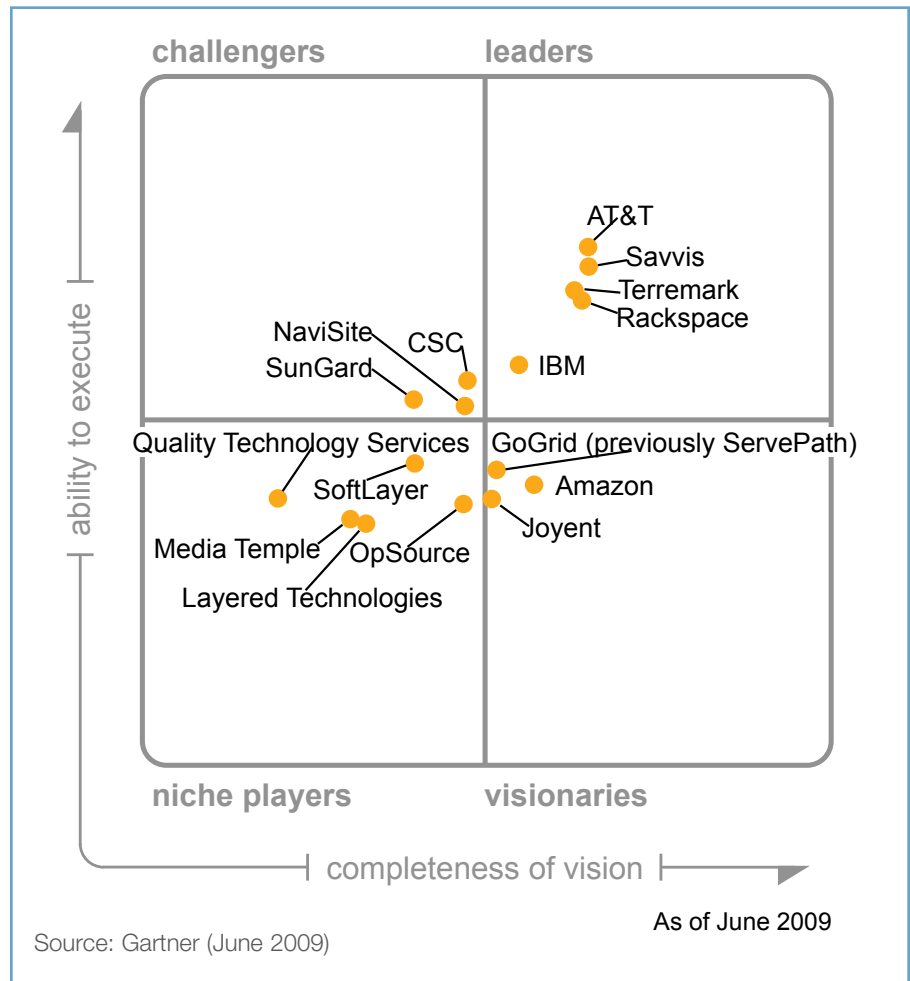
No single vendor in this market does everything well. Moreover, while all vendors on this Magic Quadrant serve a global clientele, their data center footprints and locations vary significantly. As a result, it is important to match your use case with a vendor that excels in serving that particular type of need. Smaller providers may do one thing extraordinarily well, but not have a comprehensive set of services that lets them serve a broad array of use cases. More than ever before, it is crucial to look beyond the Magic Quadrant Leaders when selecting a vendor. The vendor that is perfect for your needs may be a Niche Player.

### The Top Five Use Cases

Gartner has observed five main use cases for hosting among our client base. We have evaluated each provider on all five of these use cases, in order to produce a composite rating for each. The use cases are as follows:

- Self-managed hosting.** This customer seeks self-provisioned, self-managed, cost-effective infrastructure, as an alternative to buying his own equipment and placing it into co-location or into his own data center. This may serve basic needs such as test and development environments, but may also serve highly complex applications that the customer wants to self-manage. On-demand hosting provides cost savings, capacity flexibility, rapid provisioning, simplified configuration and management, and ease of automation.

Figure 1. Magic Quadrant for Web Hosting and Hosted Cloud System Infrastructure Services (On Demand), 2009



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- **Mainstream managed hosting.** This customer has Web content and applications with low to moderate complexity, scale and rate of change. This may include sites of a primarily informational nature, such as corporate websites and interactive marketing, as well as dynamic applications such as intranet portals, collaboration, supply chain management and eCRM. It may also include modest-scale e-commerce and hosting for small software as a service (SaaS) vendors. On-demand hosting provides cost savings through virtualization and reduction of over-provisioning.
- **Highly complex managed hosting.** This customer has a rich Internet application with a high degree of complexity and rate of change, plus the need for highly scalable, flexible capacity. This includes highly dynamic sites such as complex e-commerce, SaaS applications, online gaming and “Web 2.0” businesses. On-demand hosting provides cost savings through reduction of over-provisioning, and handles the need for business agility via near-instant scalability.
- **Global solutions portfolio.** This customer is a global company that needs a complete set of solutions, at multiple price points, for a large number of customer-facing websites. Most customers of this type are consumer packaged goods companies who need interactive marketing and e-commerce solutions. On-demand hosting provides cost savings and flexibility through both technical and business efficiencies.
- **Enterprise applications hosting.** This customer seeks hosting of complex enterprise software, such as SAP and the Oracle E-Business Suite, or has other complex enterprise data center replacement needs. This is a lower-level service than data center outsourcing or application-specific services such as Infrastructure Utility for SAP (IU4SAP); it does not include application management or other specialized needs such as SAP Basis support. Rather, the hoster simply provides, and may manage, the underlying systems infrastructure. On-demand hosting provides cost savings via automation and simplified configuration and management.

## Market Definition/Description

The term “Web hosting,” as used in this Magic Quadrant, refers to a specific set of products and services: dedicated hosting, utility hosting, virtual data center hosting (VDC hosting) and cloud hosting. Many of the providers also offer colocation. These services are defined as follows:

- **Colocation** includes Internet data center facilities, plus options such as remote hands and network bandwidth.
- **Dedicated hosting** includes facilities and network, plus dedicated server hardware. Managed and professional services may be optionally included.
- **Utility hosting** includes facilities, network and storage, plus a utility computing platform. This must be a shared environment using hypervisor-based virtualization, offering on-demand, flexible capacity. This may be offered in conjunction with dedicated infrastructure. Managed and professional services may be optionally included.
- **VDC hosting** is an outsourced “semi-private cloud” service, including facilities, network, storage and a multitenant utility computing platform that provides graphical user interface (GUI)-based self-administration.
- **Cloud hosting** includes facilities, network, storage and on-demand, multitenant elastic computing capacity, which can be either dedicated or virtualized. “Elastic” means that customers must be able to scale both up and down on demand, without a contractual commitment to capacity. Managed and professional services may be optionally included.

Hosting, as used in this Magic Quadrant, is distinct from both data center outsourcing and remote infrastructure management. The services are productized and standardized, although customization is available. There is no transfer of either assets or personnel, and the service is always offered in the hoster’s data center.

The term “on-demand hosting” refers to utility hosting, cloud hosting and VDC hosting. These services are defined in greater detail in “Web Hosting and Cloud Infrastructure Prices, North America, 2008.”

The term “cloud infrastructure services” refers to cloud hosting and VDC hosting. These services constitute the cloud system infrastructure component detailed in “Forecast: Sizing the Cloud; Understanding the Opportunities in Cloud Services.” In this Magic Quadrant, we evaluate these providers as Web hosters. If you are using this Magic Quadrant to evaluate cloud providers for other uses, such as scientific computing or other applications not based on Web technologies, the self-managed hosting use case will be the most similar to your needs, but you are likely to have requirements beyond the scope of that use case.

Managed services include management of components such as: the server operating system; Web servers, application servers and database servers; storage, including backup and recovery; security; and other network devices, such as application delivery controllers. Professional services include architecture, capacity planning, performance testing, security auditing and assistance in migrating from another hosting provider or from an internal data center.

Some customers choose a fully managed service, in which the Web hosting provider manages everything except the application code. Others prefer to choose from a menu of a la carte management services; for instance, some need just database administration services, while others want junior-level systems administration tasks like patch management handled for them but want to do all the complex work themselves. Also, the number of customers who want to self-manage is increasing rapidly; these IT managers want to take advantage of the cost efficiencies of a provider’s scale and automation tools, but do not want to relinquish control. Your choice should depend upon your needs and IT capabilities.

## Inclusion and Exclusion Criteria

To appear in this Magic Quadrant, vendors had to meet the following criteria:

- They must sell on-demand hosting as a stand-alone service within data centers they own or lease, without the requirement to bundle it with application development, application maintenance or other outsourcing. This service must be productized and available to the general public.
- Their services must be enterprise-class, offering 24/7 customer support (including phone support), service-level agreements and the ability to scale an application beyond the capacity of a single server.
- They must have significant market presence, as indicated by Web hosting revenue of at least \$100 million in 2008, or on-demand hosting revenue of at least \$20 million. Their hosting services must interest Gartner clients, Gartner analysts feel clients should take note of them, or they must regularly compete against offerings from other vendors represented on the Magic Quadrant.
- They must have referenceable customers in North America, Western Europe and Asia.

## Vendors Considered, but Not Included

Some providers did not qualify for this Magic Quadrant due to their inability to demonstrate sufficient revenues to qualify for inclusion, or because their services did not meet our definitions for hosting. Below, we indicate some of the vendors we considered, but were not able to include.

### DataPipe

DataPipe is a rapidly-growing provider of colocation, dedicated hosting and utility hosting. It is of increasing interest to Gartner's clients, who primarily consider it for cost-competitive, low-complexity environments that require management only through the operating system layer.

### EngineYard

EngineYard specializes in managed, on-demand, Ruby on Rails hosting.

### Google

Google's App Engine offering is a cloud application infrastructure, not a cloud system infrastructure. It does not provide generic virtualized servers; it is a sandboxed, restricted application environment for Python or Java.

### Microsoft

Microsoft's Azure Services Platform is a cloud application infrastructure, not a cloud system infrastructure.

### ThePlanet

ThePlanet is a rapidly-growing provider of colocation and dedicated hosting to small and midsize businesses. In the last year, it has begun to target enterprise customers with its NorthStar managed hosting offering.

### Voxel

Voxel offers dedicated hosting, cloud infrastructure services and content delivery network (CDN) services.

### XCalibre Communications

XCalibre is a U.K.-based provider of dedicated hosting. Its FlexiScale division offers cloud hosting, and it frequently competes with providers such as Amazon and GoGrid (previously ServePath) in Europe.

## Added

Amazon

Joyent

Layered Technologies

Media Temple

OpSource

Quality Technology Services

GoGrid (previously ServePath)

SoftLayer

## Dropped

### NTT America

NTT fragments its hosting offerings across multiple geographies, rather than having a unified set of global offerings. Moreover, it does not offer on-demand hosting, although it does offer colocation and dedicated hosting. NTT does plan to eventually offer utility hosting.

### Qwest

Qwest does not offer on-demand hosting, nor does it have such offerings on its product road map. It does offer colocation and dedicated hosting.

### Verizon Business

Verizon offers colocation and dedicated hosting, and since the beginning of June, a VDC hosting offering called Computing as a Service. Verizon originally planned to launch this offering in early 2008, but had to delay due to technical difficulties; thus, we were not able to evaluate the service for inclusion in this Magic Quadrant.

## Evaluation Criteria

### Ability to Execute

The most heavily-weighted criteria for a Web hoster's ability to execute are service offering and service excellence, as reflected in the customer experience with sales, support and operations. Overall business viability, as reflected in the ability to service a three-year contract without significant disruption, and the service provider's track record, also contributes to this rating.

We have considered each vendor in the context of all five use cases. Different traits are important in each use case; for instance, the quality of the self-service portal is of high importance in self-managed hosting, while proactive support and skilled project management are very important for highly complex managed hosting.

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	high
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	low
Customer Experience	high
Operations	standard
Source: Gartner	

### Completeness of Vision

The Web hosting market is undergoing rapid evolution. Consequently, it is vital that Web hosting companies understand the future needs of customers, have a realistic road map for the transition to cloud infrastructure, and are able to exploit new technologies in innovative ways. The full context of the vendor's vision is also important, since cloud concepts may pervade their entire business. We also evaluate the vendor's approach to growing their business, including their strategy for marketing and sales, international expansion, and vertical market solutions.

We have considered each vendor in the context of all five use cases. Different traits are important in each use case; for instance, the road map for rapid adoption of new technologies is very important for highly complex managed hosting, while the road map for developer and partner tools is very important for self-managed hosting.

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	high
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	high
Business Model	low
Vertical/Industry Strategy	low
Innovation	high
Geographic Strategy	standard
Source: Gartner	

### Leaders

Leaders have proven they have staying power in this market, can frequently innovate on their existing products and can be relied on for enterprise hosting needs. They have proven their technical competence and ability to deliver services to a wide range of customers. They address multiple use cases well.

New managed hosting customers should sign two-year contracts with these companies. Satisfied customers renewing a contract with one of these firms should sign a three-year deal. Self-managed hosting should be bought on-demand, or on contracts of one year or less.

### Challengers

Challengers have a track record of delivering good service capabilities, but serve a narrower range of use cases, and face challenges in expanding to serve additional use cases.

New managed hosting customers should sign two-year contracts with these companies. Satisfied customers renewing a contract with one of these firms should sign a three-year deal. Self-managed hosting should be bought on-demand, or on contracts of one year or less.

### Visionaries

Visionaries have an innovative and disruptive approach to the market, but their approach causes them to deliver services in ways that enterprise hosting customers are not yet accustomed to. Visionaries typically serve one use case well, and are trying to expand their expertise so that it is applicable to the other use cases.

Because the business of Visionaries can change radically over a short-term period, we recommend that customers buy these services on-demand, or on contracts of one year or less.

## Niche Players

Niche Players are typically specialists with more limited product portfolios, or emerging vendors. They may serve one use case particularly well, and may be better than a more generalized vendor in their area of specialty.

New and renewing customers of stable, narrowly-focused Niche Players should sign a two- or three-year contract. New and renewing customers of emerging Niche Players whose businesses are still rapidly evolving should buy services on-demand, or on contracts of one year or less.

If you are using managed services, be wary of making short-term, tactical choices as it can be inconvenient and expensive to change Web hosting providers.

## Vendor Strengths and Cautions

### Amazon

#### Strengths

- Amazon's Elastic Compute Cloud (EC2) has revolutionized the market for hosting services with granular, by-the-hour pricing for virtual servers. It also has a CDN service coupled with its S3 storage service.
- Amazon Web Services (AWS) dominate the public perception of cloud infrastructure services.
- Amazon is innovative and extraordinarily agile, responding rapidly to customer demands for features, rather than following a set product road map.
- An ecosystem of third-party vendors offer tools and services that extend the capabilities of Amazon's platform. Also, Amazon has extensive partnerships with software vendors, who provide prebuilt packages (Amazon Machine Images) for the EC2 environment.
- Recommended use cases: self-managed. The AWS offerings encompass both cloud system and application infrastructure. Each service should be evaluated separately; customers can adopt individual services without needing to use the others.

#### Cautions

- Support is a paid feature, and while it is responsive and expert, it is primarily geared toward technically knowledgeable users. Amazon does not offer managed or professional services.
- Amazon cannot provide private connectivity, private VLANs or "hybrid cloud" solutions.

- Amazon does not allow third-party audits of its infrastructure, although it does plan to obtain SAS 70 certification for its data centers.
- Amazon meets enterprise needs such as invoices on a one-off basis. It does not normally customize terms and conditions.

### AT&T

#### Strengths

- AT&T offers a wide range of Web-hosting services, typically priced at a slight premium. Its Synaptic Hosting utility platform is competitively priced.
- AT&T has very strong technical competence, reflected in both solutions engineering and operations.
- AT&T has one of the better customer service portals.
- AT&T has a substantial global data center footprint, as well as a global content delivery network.
- AT&T has the broadest and deepest cloud computing vision of any carrier. It has an ambitious and comprehensive road map of services that are highly integrated with its network capabilities.
- Recommended use cases: self-managed; mainstream managed; highly complex; global portfolio; enterprise applications.

#### Cautions

- Customer service has improved significantly in the last year, but is still highly variable in quality.
- AT&T is often inflexible in both sales and service, and support is primarily reactive.
- The sales process can be difficult, complex and slow.
- Customers who need to connect their hosted infrastructure to a non-AT&T network should obtain a written agreement of cooperation from AT&T.

### CSC

#### Strengths

- CSC offers managed hosting services at average prices. Its roots as a full-service IT outsourcer result in a depth of services, including vertical application support, staff augmentation offerings and a broad, deep suite of security offerings.

- CSC has made significant investments in virtualized platforms and utility computing services, including a unique and innovative workflow-driven provisioning system for cloud infrastructure.
- CSC has made significant strides in improving the quality of its products and customer service portal, and its future road map is ambitious.
- Recommended use cases: mainstream managed; enterprise applications.

#### Cautions

- Quality of account management depends on customer size and location.
- Communications between different operation and product groups can be poor, leading to tasks “falling between the cracks.”
- CSC is a fast follower rather than a technology innovator.

#### GoGrid (previously ServePath)

##### Strengths

- GoGrid (previously ServePath) offers colocation, managed hosting, CDN services and a Xen-based self-managed cloud hosting service called GoGrid. Its prices are very competitive.
- The GoGrid service offers a 100% uptime service-level agreement and highly responsive customer service.
- GoGrid has a productized “hybrid cloud” offering, combining GoGrid virtual servers with dedicated database servers, colocation space and private connectivity.
- GoGrid has a clean, attractive, easy-to-use Web-based user interface.
- GoGrid has pursued interoperability as a key strategy. Its provisioning application programming interface (API) is supported by third-party tools, such as RightScale. It also plans to offer its technology as a managed service within the data centers of partner service providers and individual customers.
- Recommended use cases: self-managed; mainstream managed.

##### Cautions

- Although GoGrid has multiple data centers, the GoGrid service is currently only available in its San Francisco data center. GoGrid will be available in Europe by the end of 2009.

- GoGrid's primary competition is Amazon's EC2, and GoGrid faces considerable challenges in matching Amazon's pace of innovation and easy access to capital for infrastructure build-out.

#### IBM

##### Strengths

- IBM offers very high-end managed hosting services. It excels in delivering complex configurations, especially those requiring additional IT services.
- IBM can provide excellent application hosting and management for ERP, CRM and other complex environments.
- IBM offers a component-based utility hosting platform, as well as public cloud system infrastructure services such as Computing on Demand for scientific computing and similar needs, and Information Protection Services for cloud-based business continuity.
- Recommended use cases: highly complex; global portfolio; enterprise applications.

##### Cautions

- IBM's services are highly customized, resulting in high prices and lengthy sales cycles.
- IBM hosting contracts are lengthy and complex, and frequently include inflexible terms and conditions that shift the risk onto the client and away from IBM. Service-level agreements are customized to each individual contract. Cloud contracts are shorter, simpler and more standardized.
- IBM uses partners to deliver smaller configurations, which increases client communication issues and impairs quality control.
- IBM has a comprehensive strategy for cloud computing, across its many lines of business. IBM's cloud system infrastructure services road map is primarily focused on private clouds. Although IBM is launching innovative public cloud services, such as test-cloud services aimed at developers that include Rational tools and Jazz integration, these services are adjacent to the specific hosting use cases evaluated in this Magic Quadrant.

#### Joyent

##### Strengths

- Joyent provides on-demand, cost-competitive virtual servers called Accelerators. It can provide physically dedicated Accelerators, as well as collocated equipment, to customers who have specific needs for such servers.

- Joyent's technology stack includes numerous technologies from Sun, including Solaris Containers and ZFS.
- Joyent's strategy for scaling infrastructure emphasizes the role of network elements, particularly application delivery controllers from F5 Networks (hardware) and Zeus (software)
- Recommended use cases: self-managed.

#### Cautions

- Joyent's support, while very responsive and highly expert, is reactive. It offers managed services on a time and materials basis.
- Joyent's professional services are limited and focused on high-scalability projects.
- Joyent sells primarily online. Rather than field sales, it relies on software vendor and integrator partnerships to reach enterprise customers.
- Although Joyent plans to expand globally, it currently only has data centers in the U.S.

### Layered Technologies

#### Strengths

- Layered Technologies' competitively-priced service offerings include dedicated hosting as well as VDC services based on 3Tera's AppLogic and Parallels' Virtuozzo Containers, and Microsoft Hyper-V-based utility hosting. Its managed services are offered in tiers.
- Layered Tech's customer service is relatively responsive and proactive, compared to other providers of self-managed and simple managed hosting.
- Layered Tech has invested substantially in automation, and offers fast provisioning as well as API accessibility.
- Recommended use cases: self-managed; mainstream managed.

#### Cautions

- Layered Tech is in the midst of a business transformation focused on moving the company up-market.
- Layered Tech currently primarily serves the small and midsize business (SMB) segment, not the enterprise.
- Layered Tech's lack of brand awareness and sales presence places it at a competitive disadvantage in the market.

- Layered Tech's large menu of service offerings can create buyer confusion.

### Media Temple

#### Strengths

- Media Temple has a diverse but integrated product portfolio that spans shared, virtual private and dedicated hosting, with an upgrade path between them.
- Media Temple's competitively-priced services are usually bought on-demand, without a contract.
- Media Temple understands its core target market of interactive agencies, advertising agencies, media companies and social media publishers.
- Recommended use cases: self-managed. Media Temple should also be considered for marketing micro-sites where low-cost elastic scalability is a requirement.

#### Cautions

- Media Temple offers managed hosting (which it brands "cx") to a limited number of customers, seeking a closer partnership with the customer's IT staff.
- Media Temple's technology platform is built on top of Parallels, limiting its attractiveness to enterprise customers.
- Media Temple experienced recurring outages with the first generation of its "gs" shared hosting service. This service has since been re-architected; new customers are provisioned on the second-generation service.
- Media Temple only has data centers in the U.S.

### NaviSite

#### Strengths

- NaviSite's diverse product portfolio addresses both infrastructure and application management needs. It also offers a content delivery network. Its prices are average.
- NaviSite has an innovative, specialized product road map that takes advantage of the company's application management capabilities.
- NaviSite's cloud computing strategy is based on its AppStructure platform, which encompasses not only VMware-based infrastructure, but also collaboration and integration capabilities.

- Recommended use cases: mainstream managed; highly complex; global portfolio; enterprise applications.

#### Cautions

- NaviSite's complex product portfolio can confuse the buying process.
- NaviSite's marketing and sales presence is limited and hinders the company when competing against larger, more established providers.
- NaviSite's only non-U.S. data center is in the U.K.
- NaviSite is a moderate-size provider, and is trying to spread its resources over a very broad set of service offerings.

### OpSource

#### Strengths

- OpSource has been focused solely on SaaS enablement. Its competitively-priced services are specifically targeted at SaaS provider needs, although it plans to expand into more general cloud infrastructure offerings.
- OpSource provides adjunct services to SaaS providers, such as an on-demand billing platform, integration services (branded "OpSource Connect"), custom application management and help desk support.
- Recommended use cases: SaaS infrastructure (mainstream managed and highly complex hosting).

#### Cautions

- OpSource's quality of service delivery and support is inconsistent. The more customized the solution, the greater the challenges encountered in delivery.
- OpSource has experienced recent outages due to its storage fabric. It has since re-architected its storage services.
- OpSource is expanding into general cloud infrastructure services, but to date, its offerings have been focused on a narrow market segment.
- OpSource's only non-U.S. data center is in the U.K., although it can offer services across a broader footprint via its partnership with NTT.

### Quality Technology Services

#### Strengths

- Quality Technology Services offers wholesale and retail colocation, managed hosting (including a utility hosting platform, "QVI"), and media services, at very competitive prices.
- Quality Tech grew through the acquisition of ITC Deltacom's eDeltacom business, IBM's colocation business and Globix's hosting business. It is an IBM partner for SMB hosting; IBM is a key channel, and extends Quality Tech's capabilities.
- Recommended use cases: self-managed; mainstream managed.

#### Cautions

- Quality Tech only has data centers in the U.S.
- Quality Tech's product road map is very conservative. The company invests in technologies once they have achieved widespread mainstream adoption.
- Quality Tech's customer portal has only basic functionality.

### Rackspace

#### Strengths

- Rackspace offers managed hosting and cloud infrastructure services at competitive prices. It also has a Limelight Networks CDN partnership that can be used in conjunction with its cloud storage service.
- Rackspace has industry-leading customer service. It is proactive, highly responsive and "high touch," interacting frequently with its customers.
- Rackspace has a broad and ambitious cloud road map which integrates the full range of its service offerings.
- Rackspace has particularly strong support for open source technologies.
- Recommended use cases: self-managed; mainstream managed; highly complex; global portfolio.

#### Cautions

- Rackspace's sales and support quality has become inconsistent, due to its extremely rapid growth.

- Rackspace is at its best when it is delivering formally productized offerings, not one-off customized arrangements.
- Although Rackspace is a strong player in the enterprise segment, its product portfolio, professional services and customer portal are more limited than those of other leading providers.
- Although Rackspace is a global provider, it has a limited geographic footprint in North America.

## Savis

### Strengths

- Savis offers a broad range of hosting services, including a VMware-based utility platform called “Dedicated and Open Cloud Compute” (formerly Virtual Intelligent Hosting). Its services are priced at a slight premium.
- Savis’s quality of sales and service delivery is good. It is very good at exploiting technology and has an excellent customer service portal.
- Savis has an ambitious road map for cloud infrastructure offerings, as well as SaaS-enablement services that include a marketplace and other complementary services.
- Savis is particularly strong in the financial vertical, for which it offers specialized products and services that take advantage of its network.
- Recommended use cases: self-managed; mainstream managed; highly complex; global portfolio; enterprise applications.

### Cautions

- Savis’s customer service has improved recently, but it must demonstrate that these improvements are sustainable.
- Savis has rationalized its product offerings, but the breadth of options can still lead to buyer confusion.
- Savis has refocused its sales force on selling managed hosting, rather than colocation, but colocation remains a distraction for its sales team.

## SoftLayer

### Strengths

- SoftLayer offers fast-provisioned dedicated and Xen-based cloud hosting at competitive prices. It also has an Internap CDN partnership that can be used in conjunction with its cloud storage service.
- SoftLayer has an extensive product road map. It includes many value-added services with all configurations, such as TippingPoint-based intrusion prevention and distributed denial of service (DDoS) mitigation, and local and global load-balancing.
- SoftLayer has an extensive customer portal with an array of tools for self-management of both dedicated and virtual devices. Functionality can also be accessed via an API.
- SoftLayer uses its wiki to provide thorough, well-organized documentation.
- Recommended use cases: self-managed.

### Cautions

- SoftLayer does not offer any managed services. Its customer support does not hand-hold; customers are expected to be technically proficient and willing to read the documentation.
- SoftLayer does not allow hardware exceptions to its standard configurations.
- SoftLayer sells primarily online. It engages in very limited marketing and sales, and has little brand recognition.

## SunGard

### Strengths

- SunGard Availability Services has deep and broad expertise in business continuity, but also has a significant colocation and managed hosting business. Its prices are average.
- SunGard is very process-oriented and highly conscious of enterprise security requirements.
- SunGard continues to expand and improve its product portfolio, and can capably manage a broad range of requirements.

- Recommended use cases: mainstream managed; enterprise applications.

### Cautions

- SunGard's customer service processes can result in a "hot potato" scenario between multiple operations groups, where no one accepts responsibility and accountability for solving the customer's problem. SunGard is presently transforming its customer service model to address these issues.
- SunGard can be inflexible, and sometimes struggles to manage high-growth, high-change environments.
- SunGard's near-term cloud infrastructure road map is primarily focused on business continuity capabilities, although it will be expanding into other cloud compute services.

### Terremark

#### Strengths

- Terremark is a leader in virtualized, VMware-based infrastructure services, with its Infinistructure utility hosting and Enterprise Cloud VDC offerings. It also offers carrier-neutral colocation. Its prices are average.
- Terremark is a technology innovator with very good customer service, a good customer portal and extensive automation. It has a well-thought-out and aggressive cloud infrastructure road map that is focused on enterprise requirements.
- Terremark offers superb engineering support. It is willing to take on "bleeding-edge" technologies, legacy infrastructures and other unusual requirements.
- Terremark is particularly strong in the government vertical. Its "NAP of the Capital Region" data center is specialized for serving U.S. federal government needs.
- Recommended use cases: self-managed; mainstream managed; highly complex; global portfolio.

### Cautions

- Although Terremark is a global provider, it has a limited geographic footprint in North America.
- Terremark's service portfolio is not as broad as its largest competitors.

### DISCLAIMER

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### Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets, skills, etc., whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in the product, to continue offering the product and to advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements, etc.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling product that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including verticals.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.