

IDC MarketScape: Asia/Pacific (Excluding Japan) Cloud Cost and Capacity Optimization 2024 Vendor Assessment

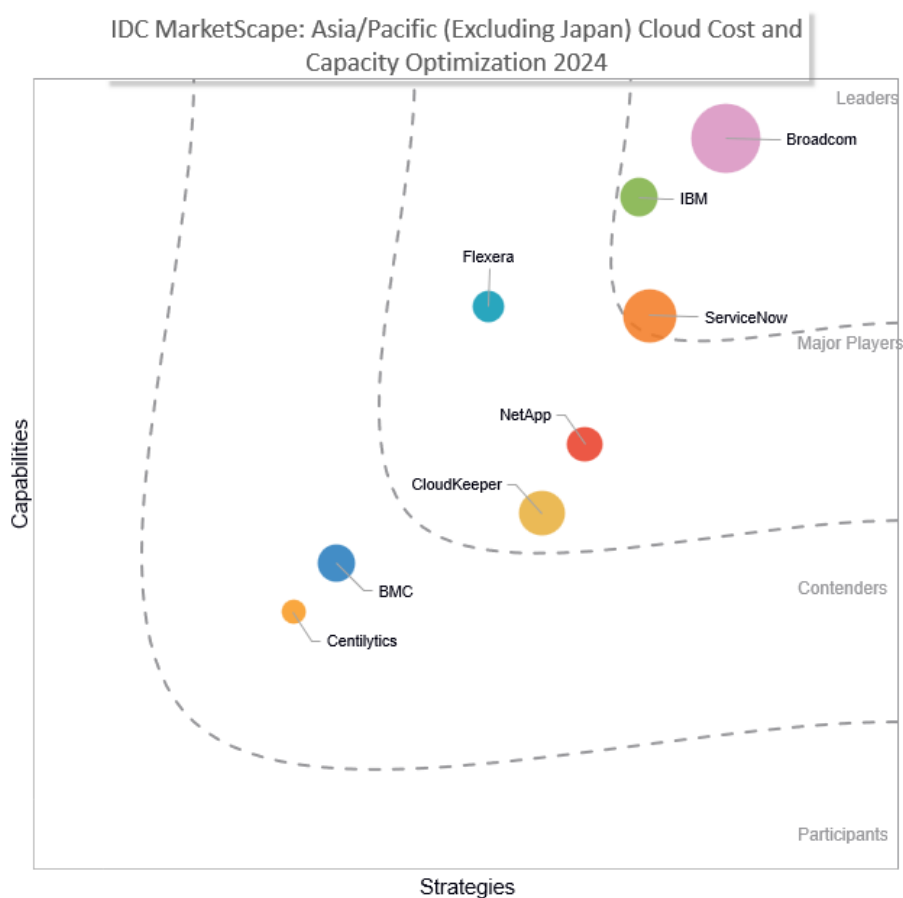
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THIS IDC MARKETSCAPE EXCERPT FEATURES: BROADCOM

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Asia/Pacific (Excluding Japan) Cloud Cost and Capacity Optimization 2024



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Asia/Pacific (Excluding Japan) Cloud Cost and Capacity Optimization 2024 Vendor Assessment (Doc #AP51801624e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Cloud computing has become an integral part of modern IT infrastructure, offering scalability, flexibility, and numerous services on demand. As organizations migrated over to hybrid cloud environments, the OPEX/consumption model also created issues management, transparency, and optimization as cloud spend began to escalate. Cost transparency and optimizing cloud usage are growing concerns with organizations seeking to control expanding use against budgets, cost efficiencies, and greater return on value and investments.

This market continues to grow as organizations in the region increasingly turn to cloud cost and capacity optimization solutions to monitor, analyze, predict, and optimize cloud infrastructure usage, cloud cost, and consumption. As organizations mature in their use of cloud services, the focus turns toward innovation and value — less on just driving costs down but more on selecting the right technology and using it in a way that maximizes its ROI. Cloud cost and capacity optimization solutions assist customers in decision making concerning workload placements, distribution of resources, and so forth, to optimize and balance cost, compliance, performance, and access to innovative new services. Because majority of organizations in Asia/Pacific (excluding Japan) (APEJ) are spending more on cloud than originally budgeted, coupled with the growing complexity of pricing tiers from cloud providers, a cloud cost transparency tool is needed to provide visibility and reporting for an organization's financial operations (FinOps) team.

Even as new vendors enter the market, there is also an increase in acquisitions and consolidations among the vendors. Over time, vendors are moving toward offering the capabilities in a platform and/or often easily integrating them with adjacent technology areas such as cloud observability and management control planes.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This study evaluates eight vendors offering cloud cost and capacity optimization solutions. A critical point in this research effort is to meet the following inclusion criteria:

- Vendor has a product with capabilities directed at cloud cost transparency and optimization and is not offered as free to customers. (Note: Solutions from hyperscalers are excluded from this IDC MarketScape).
- Direct local office presence in APEJ, local revenue in APEJ, and customers actively using their product in APEJ.

Key features, capabilities, and strategies for these vendors and their products were analyzed with several new trends and requirements emerging in the market. These include analytics, automation, multicloud management capabilities, cloud cost assessment, continuous optimization, and so forth.

ADVICE FOR TECHNOLOGY BUYERS

Buyers seeking to manage and optimize their cloud usage should consider a number of capabilities and attributes of the vendors they are evaluating and ensure the solution fits the basics such as cost transparency, right sizing, waste elimination, monitoring and reporting, and so forth. Consider areas such as:

- Support of and integration with your cloud providers whether they are hyperscalers, managed cloud providers, or local cloud providers. As an integrated management plane is an important aspect, ensure that the tool is able to manage all cloud resources to help deal with cost and optimization in a wholistic manner.
- Ease of integration with third party software. Integration with software as a service (SaaS) applications and adjacency areas to provide the extended third-party view. The vendor's ability to integrate complementary IT software product portfolios or provide robust integrations and partnerships with key industry players is an important factor to consider in a complex cloud environment.
- AI enabled. AI and ML capabilities are par for the course. GenAI capabilities are on many road maps moving forward. Understand how these could impact the use of cloud optimization, productivity, and ROI of cloud use.
- Standardization. Vendors are turning toward standardization of reports and templates such as the adoption of FOCUS. It is an open source specification for consistent cost and usage datasets to reduce complexity for FinOps practitioners and support data-driven decision making.
- One source of truth for everyone. A single place and source of data that provides view and collaboration capabilities by role (IT operations [ITOps],

development operations [DevOps], developers, lines of business [LOBs]), assists all involved in the management and consumption of cloud services. They are enabled to see and manage based on their roles and their use of cloud services.

- Set up ease and customization. The ease with which the solution can be set up with automation and minimum human intervention and ability to enable customizations lends itself to shorter time to realizing value.
- FinOps. Standardization is adopting FinOps practices to bring financial accountability to the variable spend model of cloud, involving cross-functional teams in decision-making processes.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. Although every vendor is evaluated against each of the criteria outlined in the appendix, the description here provides a summary of each vendor's strengths and opportunities.

Broadcom

Broadcom is positioned in the Leaders category in this 2024 IDC MarketScape for Asia/Pacific (Excluding Japan) cloud cost and capacity optimization.

Broadcom closed its acquisition of VMware in November 2023. The acquisition of VMware, which offers cloud computing and virtualization technology, was aimed at creating synergies between Broadcom's hardware expertise and VMware's software capabilities.

Broadcom's product in the cloud cost and capacity optimization market is VMware Tanzu CloudHealth. It is a cloud management and FinOps platform designed to help organizations effectively manage and optimize their cloud environments across multiple service providers, including AWS, Microsoft Azure, Google Cloud, Alibaba, Oracle, and VMware. It offers a comprehensive suite of tools for financial management, operations, security, and compliance, enabling businesses to gain visibility into their cloud usage, costs, and performance.

The platform supports cost management through detailed reporting and analytics, allowing for budget tracking, cost allocation, and spending optimization. It also enables operational efficiency by automating tasks and improving resource utilization. It also delivers GreenOps and enables engineers to track resource trends over time and the enterprise carbon impact in detail beyond a top line view.

Strengths

- Integration of FinOps principles into the Tanzu platform allows developers and platform engineers to access cost information throughout the application

development life cycle, providing a proactive approach to enhance the value and efficiency of cloud investments.

- Consistent cost per unit of value across different stages of deployment to achieve a more accurate comparison of costs.
- Anomaly detection and recommendations help developers adjust resources efficiently, ensuring applications stay within predefined cost parameters.
- Concept of "perspectives" provides business-relevant views of cost management across multiple cloud environments. It serves as a dynamic grouping engine, to streamline reporting, optimization, governance, and operational processes, and facilitates a more granular and logical allocation of costs across a wide range of cloud services.
- ML-powered forecasting aids in managing cloud expenses proactively, enabling organizations to set and adhere to budgets. GenAI-powered Intelligent Assist enables users to build complex FlexReports that help track spend, detect anomalies, and dive deeper into the resources in their cloud infrastructure.
- Tanzu CloudHealth delivers key capabilities focused on managed SPs and cloud resellers, such as the ability to create margins and automate customer billing. A switcher capability allows managed SPs to view their data as a partner or any customer tenant, which is completely isolated that their users can log onto.

Challenges

- Key challenges for Tanzu CloudHealth involve customers' concerns over pricing models, licensing, and changes in customer approach post the acquisition by Broadcom. Ensuring they communicate clearly and quickly to their installed base is important to Broadcom. Broadcom's new go-to-market partnership with Arrow Electronics is expected to help address these issues.
- Tanzu CloudHealth customers should seek clarity from the account representative before renewal to better understand the impact and benefits of these changes.

Consider Broadcom When

Consider Broadcom (Tanzu CloudHealth) if you are a large organization with highly complex cloud environments and used with custom or complex reporting requirements especially and unified approach is designed to optimize resource utilization and cost management, ultimately driving value from cloud investments. Those with a focus on application development teams and cost requirements for applications development and deployment should also consider Tanzu CloudHealth because of its focus on developers and shifting-left into the platform. Managed SPs that require advanced cloud cost management and optimization and customer billing and margin management requirements should also consider Tanzu CloudHealth.

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor marker in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants and end users. Market weightings are based on user interviews, buyer surveys and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Cloud cost and capacity optimization solutions monitor, analyze, predict, and optimize cloud infrastructure usage, cloud cost, and consumption. The recommendations from such solutions assist customers in decision making about workload placement to optimize and balance cost, compliance, performance, and access to innovative new services. With the exponential number of pricing tiers and significant hyperscalers, a cloud cost transparency tool is needed to provide visibility and reporting for an organization's FinOps team. These solutions utilize advanced

AI/ML analytics to optimize cost and capacity. Solutions focused explicitly on cost accounting and chargeback is tracked in the Cloud IT Service Management section.

LEARN MORE

Related Research

- *Cloud and GenAI — An Asia/Pacific (Excluding Japan) Perspective* (IDC #AP51520224, August 2024)
- *Asia/Pacific (Excluding Japan) Sovereign Cloud Spending Forecast, 2024–2027* (IDC #AP51520024, July 2024)
- *Asia/Pacific (Excluding Japan) Software-as-a-Service Trends*, (IDC #AP50970424, June 2024)
- *Asia/Pacific (Excluding Japan) Whole Cloud Services Forecast, 2024–2027* (IDC #AP50970524, June 2024)
- *Asia/Pacific (Excluding Japan) Platform-as-a-Service Trends Public Cloud Services* (IDC #AP50950624, May 2024)
- *Cloud Migration Plans: Asia/Pacific (Excluding Japan) Public Cloud Services* (IDC #AP50969824, March 2024)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of vendors offering cloud cost and optimization tools in the Asia/Pacific (excluding Japan) (APEJ) market. The report discusses both the quantitative and qualitative characteristics that lead to success in the ecosystem. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to one another and discusses what criteria are most important for companies to consider when selecting a vendor. It also highlights the factors expected to be the most influential for success in the market.

"As organizations in APEJ continue to mature and navigate the complexities of their digital transformation (DX) and the growing impact of AI, managing cloud costs and optimizing cloud use are fundamental critical requirements for both IT leaders and business users. APEJ consists of diverse markets, and with a best fit approach to cloud, the region is rapidly catching up to the need for efficient cloud management to ensure that resources are allocated effectively to support innovation and competitive advantage. By prioritizing cloud cost and optimization, businesses can leverage the potential of cloud technologies to drive growth more efficiently as budgets come under greater scrutiny," says Daphne Chung, research director, Cloud Services and Software Research, IDC Asia/Pacific.

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International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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