



Market Insight Report Reprint

HCL assembles its cloud-native, app modernization and integration expertise into IBM/Red Hat Ecosystem

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Introduction

HCL's IBM Red Hat Ecosystem business unit has extended its long-standing strategic partnerships with both Red Hat and IBM by creating a dedicated business unit focused on leveraging Red Hat and IBM technologies as platforms for enterprise digital transformation, mission-critical application modernization and the journey to hybrid cloud. HCL is an IBM premier global systems integrator (GSI) partner and a Red Hat Global Advanced Partner.

HCL has a 360-degree partnership, which includes an engineering relationship with a functional focus on cloud migration, workload transformation and cloud-native training enablement and support for Red Hat and IBM technologies, Red Hat OpenShift, Ansible automation, automated operations (Ansible) and IBM Cloud Paks. HCL is also a co-innovation/OEM partner, combining Red Hat's technology with its own IP to create products and offerings that support customers' application modernization lifecycle. The company has 10,000+ Red Hat and IBM trained or certified professionals across infrastructure, applications and data transformation domains.

THE 451 TAKE

Technology is a key enabler of the digital economy. Applications (ideas, executing operationally as software) and cloud technology (agile, automated, on-demand IT resources and functions) help organizations with the IT transformation needed to lean into the shift to digital, and modernize their IT environments to respond to change rapidly. However, organizational inertia, lack of in-house skills, and technical debt conspire to complicate or even inhibit the course of needed IT transformation. Enterprises will require systematic, yet modular, approaches to application modernization and IT scaling and optimization, as well as trained cloud specialists to address the velocity that digital operations and delivery demand. However, most large enterprises don't have the luxury of starting over on a clean IT slate. This is where dedicated resources combining vendor-specific IT talent and engineering expertise, such as HCL's IBM Red Hat Ecosystem, can come into play for organizations pursuing transformation through hybrid/multicloud IT and application modernization.

The perfect storm

Cloud infrastructure, cloud-native application development/operations, and digital transformation are now part of mainstream IT. However, these newer approaches continue to exist alongside legacy IT, creating complexity for enterprises trying to determine the optimal path forward. Cloud skills shortages within enterprise IT departments further complicate the transformation journey. In 2016, just over half of organizations reported skills gaps related to cloud management and operations, compared to 85% of organizations in 451 Research's Voice of the Enterprise (VotE): Cloud, Hosting & Managed Services, Organizational Dynamics 2020 survey.

The journey to the cloud now involves more than simply lifting and shifting workloads from on-premises to public cloud environments. The expanded scale and complexity of cloud operations also means workload placement and optimization, application replatforming, automation, integration, cloud-based security and hybrid/multicloud management and orchestration. Access to talent (or lack thereof) limits enterprises' ability to effectively leverage the cloud as part of the ongoing process of IT and business transformations.

IBM Red Hat Ecosystem

HCL created the IBM Red Hat Ecosystem business unit in late 2020 to further operationalize longstanding partnerships to serve customer requirements around integrated hybrid/multicloud stacks, application modernization, and security and cloud-native technologies, as well as agile infrastructure operations powered by automation, AI/ML and orchestration.

With the organizing principle of accelerated product delivery in mind, the companies collaborated to combine Red Hat's technologies (OpenShift, RHEL and Ansible), IBM's Cloud Paks and HCL's engineering expertise, integration capabilities, and consulting/services portfolio to develop Red Hat-specific, digital cloud-native offerings for customers' enterprise transformation journeys. HCL has taken a similar approach to technology built on vendor-specific platforms with dedicated ecosystem business units for Microsoft, AWS and Google.

The heightened focus on Red Hat technologies within the IBM Red Hat Ecosystem unit reflects HCL's business momentum with Red Hat (according to HCL, 75% of accounts currently under management use Red Hat Linux products), as well focused investment on key growth pillars that include container-based application migration and modernization, container as a service for Red Hat OpenShift, Ansible automation, SAP on RHEL, Kubernetes migration/competitive displacement with OpenShift as the platform of choice, and RHEL upgrades.

Key HCL/IBM Red Hat Ecosystem offerings include cloud platform services for regulated financial services institutions, OpenShift cloud platform migration and support for OpenShift, hybrid cloud and application modernization, and mainframe modernization and optimization. The portfolio also includes the security and customer services offerings acquired in HCL's 2018 acquisition of certain IBM software assets.

Customer targets include traditional IT/application/business process outsourcing of clients with scaling, optimization and innovation requirements, as well as net-new digital transformation opportunities. With regard to the latter, HCL's targeted verticals include telecommunications (particularly for telco business enablement on Red Hat technologies), manufacturing (revamped end-to-end operations) and finance (with a focus on joint offerings and go-to-market).

Application modernization with HCL and Red Hat

HCL's Cloud Native Labs plays a key role in helping customers leverage Red Hat and IBM technologies as part of their cloud and digital transformation journeys. Located in Dallas, London and New Delhi, the labs offer Red Hat and IBM cloud environments for design, proof-of-concept testing, application refactoring and replatforming, training and enablement, and new product development. Access to the lab and to dedicated Red Hat/IBM-trained resources is available to customers throughout their HCL engagements.

HCL also brings its own IP to its Red Hat-IBM practice, including more than 60 business process offerings and frameworks that support developer productivity, legacy system modernization, replatforming and automated cloud migration. Examples include ADvantage Code (automated platform-based development), ADvantage Specs (automated reverse engineering for application modernization), DRYiCE iControl (business process flow intelligence), DRYiCE iAutomate (runbook automation), Nexus (design thinking framework) and MODular (automated modularization and containerization).

In addition to its ecosystem of partners, HCL is an active investor in next-generation capabilities, IP and frameworks. HCL is also an investor in Morado Ventures, whose portfolio of companies is focused on disruptive technologies, including robotics, industrial IoT, artificial intelligence/computer vision, and data infrastructure and unified data layers.

Competition

HCL competes with global systems integrators such as Accenture, Capgemini, DXC and Unisys, as well as the services arms of IT vendors like IBM. Indian-heritage IT firms such as Cognizant, Infosys, TCS and Wipro are also in the mix as systems integration and digital transformation become more a part of their overall businesses. Active participants in the IT and application modernization space include regional and local SIs and MSPs, and 'alternative cloud' providers pursuing opportunities in over-the-top public cloud resource management as part of larger hybrid and multicloud plays.

SWOT Analysis

<p>STRENGTHS</p> <p>HCL's Red Hat Center of Excellence and expertise across Red Hat's hybrid cloud, automation, middleware and integration portfolios are foundational strengths. Its decades of engineering capabilities, and the modernization and cloud-enablement resources available in HCL's Cloud Native Labs, simplify the transformation process by bringing expertise, tooling, products, partners and IP under one roof.</p>	<p>WEAKNESSES</p> <p>Hybrid and multicloud has won the IT architecture war – heterogenous IT estates will be with us for years to come. As such, HCL will need to formalize its commitment to centers of excellence and customer-facing programs and offerings across a broad range of ecosystem-centric cloud partners, and address any resulting sales or channel conflict issues.</p>
<p>OPPORTUNITIES</p> <p>The industry lacks the technical capacity to support the speed and scale of cloud conversions that the hyperscalers anticipate. As such, vendors need ecosystem partners to develop and maintain products that reflect the diversity of cloud/cloud-native IT environments. At the same time, many enterprises are seeking outside assistance to navigate the operational complexities of an increasingly hybrid and multicloud IT landscape. This is why companies like HCL – with armies of certified experts in Red Hat, Microsoft and other technologies – are well positioned to be partners for modernization and innovation.</p>	<p>THREATS</p> <p>Service providers of all stripes, including GSIs and MSPs, are expanding the breadth and depth of their hyperscale expertise as quickly as possible to capitalize on the opportunities afforded by enterprises' pandemic-driven accelerated cloud and digital transformation journeys. HCL will need to retain and augment its pools of vendor-specific talent, and scale its engineering and product development capabilities to stay ahead of rivals that are competing for enterprise mindshare and hyperscaler attention.</p>

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