HCL assembles its Microsoft expertise, IP and cloud transformation offerings into a business unit

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By William Fellows

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Introduction

HCL's Microsoft Ecosystem Business Unit (MEBU), with a focus on cloud transformation, is designed specifically to address the requirements of a customer's journey. It is the only systems integration partner with a physical location on Microsoft's campus, meaning HCL has direct access to the Microsoft engineering and sales teams. HCL Microsoft business unit brings forward a partnership of 30+ years, and this initiative has the singular aim of modernization.

HCL is a Microsoft Cloud Adoption Framework (CAF) enterprise-scale certified partner, a cloud-building competency recognition. HCL has an engineering partnership with Microsoft across multiple areas including the HCL-operated Network Operations Center for Microsoft Azure, which provides Microsoft networking support for 233 datacenters globally across 32 regions for 400,000 network devices. It's an Azure MSP partner, and holds SAP on Azure, Kubernetes on Azure, and Windows Virtual Desktop specializations. The organizing principle here is what HCL calls its Three Cloud Strategy, leveraging Microsoft Azure, M365 and D365 clouds.

451 TAKE

Despite the accelerated pace of cloud adoption and the firehose of new cloud services that hyperscalers are making available, enterprises are coached to 'go faster' in their migrations to the cloud in order to access the benefits of agility, more scale and lower operating costs. Complexity, technical debt, organizational inertia and choosing the 'best' path forward from multiple potential options can all combine to inhibit such transformation. Trained cloud specialists will be required in far greater numbers to accommodate anticipated velocity and delivery requirements, which is where dedicated resources combining talent and engineering such as HCL's Microsoft Ecosystem Business Unit are going to be needed.

Minding the gap

In 2016, just over half of respondents reported cloud skills gaps related to the management and operation of their organizations' cloud IT environments. This year, 451 Research's Voice of the Enterprise (VotE): Cloud, Hosting & Managed Services, Organizational Dynamics 2020 survey revealed that 85% of organizations reported deficits in cloud expertise (see figure below).

We attribute this increase to the expanded scale and complexity of cloud operations. The journey to the cloud now involves much more than simply lifting and shifting workloads from on-premises to public cloud environments. Additional considerations include the mechanics of mass migrations, workload placement and optimization, application modernization/replatforming, IT governance/management, hybrid/multicloud deployment, cloud-based security, and compliance. Access (or lack thereof) to talent will limit the ability of organizations to effectively leverage the cloud as part of their ongoing IT and business transformations.

Microsoft Ecosystem Business Unit

Demonstrating the breadth and depth of their shared customer engagements plus the opportunities ahead, HCL created the MEBU at the beginning of 2020 to support the long-standing partnership the two companies have. It believes the combination of HCL's specialized services and global reach with Microsoft's cloud and business technologies brings customers additional value, and enables it to accelerate their cloud journeys.

HCL's MEBU works with Microsoft Business Applications, Microsoft Dynamics 365, Microsoft Azure, IoT and AI/machine learning to create intellectual property extending the Microsoft platform for customer-specific scenarios, and provide additional support to customers in the financial services, healthcare and life sciences, manufacturing, retail and travel industries. HCL is a Global Expert MSP and a Gold Certified Partner for Cloud platform, Cloud Productivity, and several other Microsoft Services.

The MEBU reflects the business momentum HCL has achieved across its Microsoft portfolio, as well as its intent to focus investment on growth pillars and to bring its investments, IP and innovation under one roof. HCL has dedicated partner and product managers across geographies. It can execute complex programs, has its Informix, Actian Avalanche, Hybrid Cloud data warehouse, Azure Quick Migration and Glovius products on the Azure Marketplace, and partners early on Microsoft alpha and beta releases.

The MEBU will focus on the largest HCL and Microsoft existing customers, especially large infrastructure and platform modernization deals, migration and modernization of data estate and SAP/ERP, large digital transformation deals, post-COVID-19 workplace offerings, Sentinel security, and large D365 and Power Platform deals. It will also develop new industry cloud offerings and IP for new, vertically aligned sales.

The MEBU has HCL's Lab 21 services, which exploit Microsoft's Cortana Intelligence stack, the IoT CoLLabs in partnership with Microsoft in Redmond, HCL Azure-specific IP such as ADvantage Azure, EAZe (DevOps assessment), its PowerObjects Microsoft CRM company, and the Microsoft Partner University for training and certifications.

HCL PowerObjects (from its 2015 acquisition) is focused on Microsoft Business and Dynamics 365, providing service, support, education and add-ons. It will have a specific focus on healthcare, manufacturing, finance, retail and consumer packaged goods.

Ecosystem investments, development and IP

In addition to an ecosystem of partners, HCL is also an active investor in next-generation capabilities, IP and frameworks. It's an investor in Morado Venture Partners, whose portfolio companies are focused on the cloud, big data, mobility, unified data layer, robotics and IoT.

In particular, HCL has assembled some 60+ offerings and frameworks on the business process side, supporting developer productivity and better automating the customer's journey to the cloud. Some examples are DRYiCE iControl (business process flow intelligence), Nexus (Design Thinking Framework), HCL Software Secure DevOps (best-in-breed DevOps tools), MODular (to automate modularization and containerization), DRYiCE iAutomate (Runbook Automation), and CloudArmour (for continuous compliance).

HCL operates some 58 labs worldwide, within which specialized Cloud Native labs provide a range of cloud-native transformation services to accelerate adoption. These include briefings, demos and showcases; proof of concept (PoC) and application transformation; advisory; and skills and training to drive the customer relationship. HCL's Lab 21, its dedicated technology development center, is focused on building offerings using Microsoft's AI Platform and Azure.
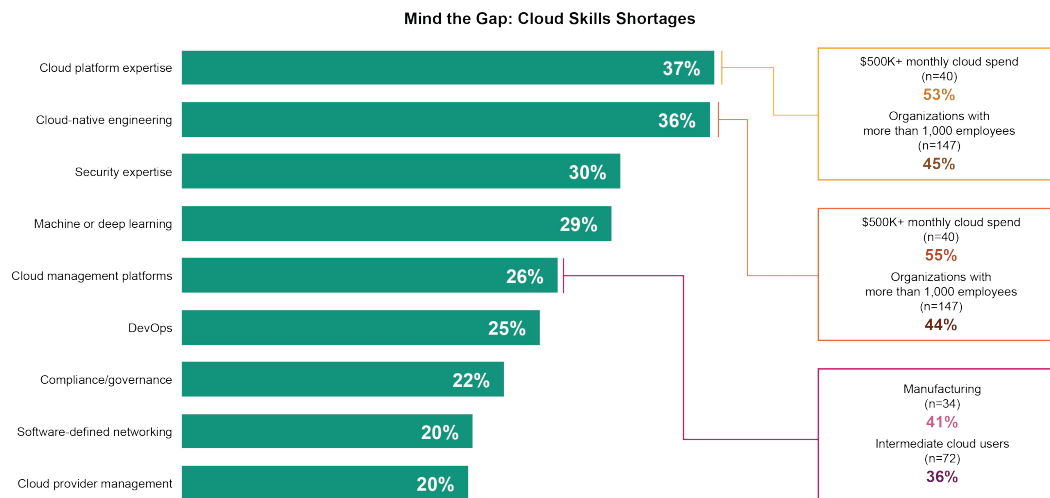
HCL's Eagles Nest competency development program has some 40,000 trained and certified professionals, and operates both on-site and offshore programs. It has a specific set of architecture, consultancy and sales programs for the cloud, including custom programs with Microsoft and design workshops, and senior leadership and development programs. It also provides mass training academies with Microsoft, vertical programs with vendors, and certification and lab-based modules for cloud-native delivery.

HCL is now an engineering partner for Azure VMware Solution, enables Informix on Azure, has created an IoT-based global patient management platform on Azure, has implemented Azure stack for a number of years, and is creating a technical proof-of-value for Azure Arc for different use cases across distributed environments (on-premises, edge and multicloud).

HCL is a Microsoft Expert MSP, SAP on Azure advanced specialization partner, and Kubernetes on Microsoft Azure advanced specialization partner with 12 gold competencies including Cloud Platform, Cloud Productivity and Cloud Analytics. HCL has invested in setting up facilities and labs for next-generation technologies, IoT CoLLABS and Lab 21 at the Microsoft campus in Redmond, Washington.

Cloud Skills Shortage

Mind the Gap: Cloud Skills Shortages

Category	%
Cloud platform expertise	37%
Cloud-native engineering	36%
Security expertise	30%
Machine or deep learning	29%
Cloud management platforms	26%
DevOps	25%
Compliance/governance	22%
Software-defined networking	20%
Cloud provider management	20%

$500K+ monthly cloud spend (n=40)
53%
Organizations with more than 1,000 employees (n=147)
45%

$500K+ monthly cloud spend (n=40)
55%
Organizations with more than 1,000 employees (n=147)
44%

Manufacturing (n=34)
41%
Intermediate cloud users (n=72)
36%

Source: 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Organizational Dynamics 2020

Q: Which of the following categories are most acutely lacking when it comes to managing your organization's cloud computing environment? Please select all that apply. Base: Cloud users (n=326)

Competition

HCL Technologies competes with global IT suppliers and technology providers like Accenture, IBM, Hewlett Packard Enterprise, Capgemini, DXC, Fujitsu and Unisys, as well as Indian-heritage IT firms such as Cognizant, Infosys, TCS and Wipro. For segment- and regional-specific opportunities, regional and local SIs such as Acclivis, CLPS, Datacom, NCS, NEC, PCCW Solutions and T-Systems are active players.

SWOT Analysis

STRENGTHS

HCL's Microsoft expertise is foundational and a differentiator. HCL is a global systems integrator known for its strength in the IT market, but it also had a strong engineering capability for decades because the company was originally founded to manufacture PCs. The MEBU brings expertise, products, partners and IP under one roof.

WEAKNESSES

Hybrid/multicloud has won the IT architecture war – heterogenous IT estates will be with us for years to come. As such, HCL will need to credential and showcase the depth of bench and expertise it has to work across different clouds, in addition to its Microsoft capabilities.

OPPORTUNITIES

The industry lacks the technical capacity to support the speed and scale of cloud conversions that the hyperscalers anticipate, and is why companies with armies of certified experts such as HCL should be considered partners for modernization and migration.

THREATS

Global integrators and service providers are expanding their hyperscale expertise as quickly as possible to address the accelerated conversion to the cloud driven in part by the digital response to the pandemic. HCL will need to ensure it can compete with rivals as the market consolidates to meet this need.