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Public Cloud Providers See Growth Potential in Latin America

ISG Provider Lens™ report finds the Latin American midmarket embracing SaaS and IaaS

MEXICO CITY, Feb. 27, 2020 (GLOBE NEWSWIRE) -- The Latin America region is seeing major growth in the public cloud-based software-as-a-service and infrastructure-as-a-service markets, even as the larger IT outsourcing and business process outsourcing markets have stagnated there, according to a new report published today by Information Services Group (ISG) (Nasdaq: III), a leading global technology research and advisory firm.

The 2019-2020 ISG Provider Lens™ Public Cloud — Solutions & Service Partners Report for Latin America notes spending in the SaaS and IaaS markets in the broader Americas region increased 28 percent in the first half of 2019, even though overall spending on outsourced managed services declined by 13 percent over the same period.

“More workloads in Latin America are migrating from traditional outsourcing to the cloud,” said Jan Erik Aase, director and global leader, ISG Provider Lens Research. “The benefits of lower costs and simplified software management are good drivers for fintechs and other startups to adopt cloud services. Other drivers, such as migration to SAP S/4HANA, will contribute to increased public cloud adoption in the coming years.”

Big public cloud players like AWS, Microsoft and Google are looking for partners in Latin America to help them grow in the region, the report says. Providers are building data centers in Argentina, Brazil, Chile, Columbia, Costa Rica, Mexico and Peru to expand or improve cloud services.

Leading cloud providers are targeting their services to hundreds of thousands of midmarket companies that are attracted to the cloud to avoid spending more on their legacy IT infrastructures, the report says. While some large enterprises in the region have migrated to the cloud, they do not have the same level of interest in the cloud as do smaller companies. Large enterprises are only sparingly migrating their data centers to the cloud.

The report sees significant competition in the IaaS space in Latin America. Customers are looking for better application performance, better security and the ability to meet compliance requirements. IBM, Microsoft, and AWS are rolling out bare metal cloud services in the region to meet IaaS customer demands.

Latin American companies expect cost savings when they move to the cloud, but they are also interested in gaining the ability to release new products and services to the market faster, the report says. Companies are moving legacy applications that previously ran on mainframes to the cloud using APIs.

Large tech vendors like IBM in Brazil, Oracle in Chile and Brazil, and Huawei in Chile are expanding their activity and operations in Latin America, the report adds. Providers see a growth opportunity to help enterprises move all IT operations to the cloud, especially midmarket customers.

Managed services providers are expanding across the region through partnership networks to serve the needs of multinational companies, with Brazil and Mexico the largest markets for MSP adoption, the report says. Independent software vendors and managed service providers are competing against each other, but because managed service providers are developing proprietary solutions, clients often prefer to stay with their current providers.

The report also sees Latin American companies preferring to use cloud services as the foundation for developing new applications or modernizing legacy ones.

The 2019-2020 ISG Provider Lens™ Public Cloud —Solutions & Service Partners Report for Latin America evaluates the capabilities of 27 providers across four quadrants: Public Cloud Transformation Services, Managed Public Cloud Services, aPaas – Application Development Platforms as a Service, and IaaS – (Hyperscale) Infrastructure as a Service.

The report names Accenture, AWS, Capgemini, Cognizant, DXC Technology, Google, IBM and Microsoft as leaders in two quadrants and Logicalis, TCS, Tech Mahindra, TIVIT and Wipro as leaders in one.

The 2019-2020 ISG Provider Lens™ Public Cloud —Solutions & Service Partners Report for Latin America is available to ISG Insights™ subscribers or for one-time purchase on this webpage.

About ISG Provider Lens™ Research

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 globally, across Europe and Latin America, as well as in the U.S., Germany, the U.K., the Nordics, France, Brazil, and Australia/New Zealand, with additional markets to be added in the future. For more information about ISG Provider Lens research, please visit this webpage.

The series is a complement to the ISG Provider Lens Archetype reports, which offer a first-of-its-kind evaluation of providers from the perspective of specific buyer types.

About ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including more than 70 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.