

Private/Hybrid Cloud — Data Center Services

A research report comparing provider strengths,
challenges and competitive differentiators

Executive Summary 03

Provider Positioning 06

Introduction

Definition 10

Scope of Report 11

Provider Classifications 12

Appendix

Methodology & Team 32

Author & Editor Biographies 33

About Our Company & Research 35

AI-ready Infrastructure Managed Services 13 – 19

Who Should Read This Section 14

Quadrant 15

Definition & Eligibility Criteria 16

Observations 17

Provider Profile 19

Managed Cloud Hosting and Resilient Infrastructure Services 20 – 25

Who Should Read This Section 21

Quadrant 22

Definition & Eligibility Criteria 23

Observations 24

Provider Profile 25

Sustainable Colocation Services 26 – 30

Who Should Read This Section 27

Quadrant 28

Definition & Eligibility Criteria 29

Observations 30

Report Author: Shashank Rajmane

U.S. SLED organizations are shifting toward a governed, AI-ready hybrid infrastructure operating model

The U.S. public sector PHCDC market is undergoing a fundamental transformation driven by the intersection of AI adoption, the persistence of legacy systems and heightened regulatory governance requirements. State, local and education (SLED) organizations are increasingly adopting hybrid cloud models that enable infrastructure modernization while maintaining control over sensitive data and mission-critical workloads. Full-scale cloud migration is no longer the default strategy; instead, agencies are prioritizing controlled modernization by hybrid deployment flexibility.

Market Context: A defining market shift is the emergence of AI-ready infrastructure as a policy-driven requirement rather than a purely technical upgrade. In response, service

providers are restructuring offerings to include sovereign AI environments, GPU-enabled infrastructure and agentic operations within compliance-first operating models. Capabilities such as zero trust architectures, FinOps and policy-based automation are becoming standard components of managed services, reflecting priorities around auditability and governance in public sector environments.

At the same time, legacy systems continue to dominate SLED IT landscapes, particularly across ERP, financial systems and citizen-facing services. This trend creates a dual mandate for providers to enable modernization while preserving operational continuity. As a result, the market is seeing increased adoption of run-transform-run models, in which infrastructure transformation is executed incrementally without disrupting daily operations. Procurement dynamics are also shaping competitive differentiation. Cooperative contracting vehicles, GovRAMP and FedRAMP alignment, and pre-approved procurement frameworks are becoming critical enablers of adoption. Providers that simplify meeting compliance requirements are gaining stronger

The future lies in
hybrid cloud, AI and governance, with
providers evolving
into **strategic transformation partners**.



traction among SLED buyers. Sustainability and transparency are also emerging as key considerations, particularly in colocation and data center services, where agencies increasingly demand auditable environmental metrics and site-level reporting aligned with broader policy and accountability requirements.

SLED agencies' priorities: SLED organizations are responding to these dynamics by redefining their infrastructure strategies around control, governance and phased modernization. Unlike commercial enterprises, SLED buyers prioritize stability and compliance over rapid transformation, leading to a more measured approach to hybrid cloud adoption. A key priority is the ability to modernize legacy systems without disrupting essential services. Public sector agencies are seeking providers that can deliver incremental transformation pathways, enabling them to upgrade infrastructure while maintaining continuity for critical services such as payroll, healthcare systems and public safety applications. This has increased the demand for providers with deep expertise across legacy platforms such as mainframes and ERP systems.

Another major priority is secure and governed AI adoption. SLED organizations are exploring AI use cases across domains such as education, public safety and citizen services, but they require infrastructure that supports data sovereignty, regulatory compliance and auditability. As a result, there is a strong demand for private and hybrid AI environments capable of running sensitive workloads under controlled conditions. Operational efficiency is also gaining prominence as agencies operate under budget constraints and with lean IT teams. Agencies are seeking automation-led managed services that reduce manual effort, improve system reliability and accelerate incident resolution. However, there is a preference for human-in-the-loop models to ensure that automation does not compromise governance or accountability.

Cost management remains a critical concern for SLED buyers. Agencies increasingly expect transparent pricing models and integrated FinOps capabilities that provide visibility into infrastructure spend and support long-term budget planning. This includes the ability to align costs with outcomes and avoid

unexpected expenditures. Finally, SLED organizations are prioritizing procurement simplicity and vendor accountability. These organizations prefer providers that operate through established contracting vehicles and demonstrate clear ownership of outcomes, and are better positioned to win and retain business.

Provider Dynamics: Service providers are evolving their PHCDC offerings to address these unique SLED requirements, with a sustained focus on governance, resilience and operational discipline. A key trend is the shift toward platform-led managed services that integrate infrastructure, operations and compliance into unified control layers. Providers are also investing in AI-enabled infrastructure and operations, including sovereign AI solutions, GPU as a service and agentic operations frameworks. These capabilities are designed to support the full lifecycle of AI workloads, from initial deployment to ongoing management. However, maturity levels vary significantly, with some providers offering advanced automation and others still developing their capabilities. Another important development is the

emphasis on hybrid cloud flexibility and vendor-neutral architectures. Providers are enabling SLED organizations to deploy workloads across on-premises, private cloud and public cloud environments, while maintaining control over data and operations. This includes support for multi-vendor ecosystems and integration with hyperscalers.

In managed hosting, providers are repositioning their offerings as continuity-first operating models, embedding disaster recovery, cyber recovery and business continuity into core services. This reflects the critical importance of uptime and resilience in public sector environments. Colocation services providers are similarly evolving, with a greater focus on governed operating environments rather than physical infrastructure alone. Capabilities such as software-defined connectivity, remote operations and sustainability reporting are becoming key differentiators. Despite these advancements, providers face several challenges. Execution consistency, automation maturity, cost alignment and procurement complexity continue to affect transformation initiatives within SLED environments.



Future Outlook: The future of PHCDC services in the U.S. public sector will be defined by the convergence of hybrid cloud, AI infrastructure and governance-driven operations. As SLED organizations continue to modernize, service providers' role will expand from infrastructure management to strategic transformation partnerships.

For SLED buyers, the focus should be on selecting providers capable of delivering long-term value through integrated, outcome-driven services, including production-ready AI support, sustained compliance and measurable improvements in cost, resilience and service quality. Buyers should also prioritize flexibility, ensuring that chosen providers can adapt to evolving requirements and operate across diverse environments.

For service providers, the priority will be demonstrating governance maturity and real-world impact. This includes moving beyond capability development to delivering consistent outcomes at scale, particularly in AI operations and automation. Providers must also address cost concerns by adopting more transparent and outcome-based pricing models.

Both groups must also address the increasing complexity of hybrid environments, which will require stronger governance frameworks, improved observability and more integrated operations. Collaboration between providers and SLED organizations will be critical to navigating this complexity and achieving successful outcomes.

In conclusion, the U.S. SLED PHCDC market is transitioning toward a model where infrastructure, operations and AI converge into a unified, governed operating layer. Providers that can balance innovation with accountability and transformation with continuity will be best positioned to support the evolving needs of public sector organizations.

Service providers are transitioning from traditional infrastructure operators to strategic partners that deliver integrated platforms combining hybrid cloud, AI, automation, resilience and compliance. For SLED buyers, the key differentiator is no longer just technical capability but the provider's ability to ensure service continuity, meet regulatory requirements and support production-scale AI within controlled environments while delivering measurable outcomes.





Provider Positioning

Page 1 of 4

	AI-ready Infrastructure Managed Services	Managed Cloud Hosting and Resilient Infrastructure Services	Sustainable Colocation Services
11:11 Systems	Not In	Contender	Not In
Accenture	Leader	Not In	Not In
Atos	Product Challenger	Not In	Not In
Capgemini	Product Challenger	Not In	Not In
CGI	Leader	Leader	Not In
Colocation America	Not In	Contender	Contender
CoreSite	Not In	Not In	Product Challenger
CyrusOne	Not In	Not In	Product Challenger
Deloitte	Product Challenger	Not In	Not In
Digital Realty	Not In	Not In	Leader



Provider Positioning

Page 2 of 4

	AI-ready Infrastructure Managed Services	Managed Cloud Hosting and Resilient Infrastructure Services	Sustainable Colocation Services
DXC Technology	Product Challenger	Product Challenger	Not In
Ensono	Product Challenger	Product Challenger	Not In
Equinix	Not In	Not In	Leader
Flexential	Not In	Not In	Product Challenger
FNTS	Contender	Not In	Not In
Fujitsu	Market Challenger	Product Challenger	Not In
HPE	Leader	Not In	Not In
IBM	Not In	Leader	Not In
Infinite Computer Solutions	Product Challenger	Not In	Not In
Infosys	Product Challenger	Not In	Not In



Provider Positioning

Page 3 of 4

	AI-ready Infrastructure Managed Services	Managed Cloud Hosting and Resilient Infrastructure Services	Sustainable Colocation Services
Innova Solutions	Contender	Not In	Not In
InterVision	Not In	Contender	Not In
Iron Mountain	Not In	Not In	Leader
Kyndryl	Leader	Leader	Not In
Lumen Technologies	Contender	Product Challenger	Product Challenger
NTT DATA	Leader	Leader	Leader
Rackspace Technology	Leader	Leader	Product Challenger
Red River	Product Challenger	Not In	Not In
TCS	Leader	Product Challenger	Not In
TierPoint	Not In	Not In	Leader





Provider Positioning

Page 4 of 4

	AI-ready Infrastructure Managed Services	Managed Cloud Hosting and Resilient Infrastructure Services	Sustainable Colocation Services
Unisys	Leader	Leader	Not In
UnitedLayer	Product Challenger	Not In	Not In
US Signal	Not In	Not In	Contender
UST	Contender	Not In	Not In
Wipro	Product Challenger	Not In	Not In
Zensar Technologies	Product Challenger	Product Challenger	Not In
Zones	Product Challenger	Not In	Not In



This study focuses on what ISG perceives as the most critical aspects of **private/hybrid cloud and data center services** in 2026.

Simplified Illustration Source: ISG 2026

AI-ready Infrastructure Managed Services

Managed Cloud Hosting and Resilient Infrastructure Services

Sustainable Colocation Services

Definition

This study assesses global and regional providers delivering private and hybrid cloud-centric infrastructure services to enterprises across regions and the U.S. public sector. The research covers AI-ready infrastructure managed services, managed cloud hosting and resilient infrastructure services, sustainable colocation services, and edge computing services, reflecting how organizations are modernizing their core IT foundations to support data-intensive and AI-driven workloads.

AI technologies are increasingly being embedded across an entire infrastructure services stack, spanning on-premises, private, hybrid and public cloud environments. This shift is moving operations from reactive maintenance to predictive, automated and increasingly autonomous models. Providers leverage AI for intelligent monitoring, anomaly detection, automated root-cause analysis, predictive maintenance, dynamic resource scaling and enhanced cybersecurity. GenAI further improves operational efficiency through copilots, self-service interfaces and advanced analytics that support

incident resolution, capacity planning and infrastructure optimization.

Enterprises and public sector institutions are also re-evaluating where they run their workloads. Managed hosting, colocation and sovereign cloud infrastructure have become central to hybrid cloud strategies, particularly for sensitive or regulated workloads, requiring jurisdictional control, compliance and risk mitigation. At the same time, sustainability has emerged as a critical infrastructure priority, owing to rising energy demand, limitations in power availability and regulatory pressure. Providers are increasingly applying AI both to optimize infrastructure efficiency and to reduce the environmental footprint of AI workloads.

The dedicated lens on the U.S. public sector, for this study, encompasses state and local government and education (SLED) organizations, public utilities, public health entities and other U.S. agencies. For these organizations, private and hybrid cloud environments form the foundation for secure and compliant AI adoption, enabling innovation at scale while protecting sensitive data and meeting stringent governance and regulatory compliance requirements.



Scope of the Report

This ISG Provider Lens® quadrant report covers the following three quadrants for services: AI-ready Infrastructure Managed Services, Managed Cloud Hosting and Resilient Infrastructure Services and Sustainable Colocation Services.

This ISG Provider Lens® study offers IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments (quadrants)
- Focus on the U.S. public sector

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between \$20 million and \$999 million with central headquarters in the respective country, usually privately owned.

- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above \$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens® quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens® quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).





Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.





AI-ready Infrastructure Managed Services

Who Should Read This Section

This report is valuable for service providers offering **AI-ready infrastructure managed services** in the **U.S. public sector** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

IT and infrastructure leaders

In the U.S. public sector should read this report to assess providers' ability to operate AI-ready private and hybrid estates end-to-end, managing GPUs/accelerators, data pipelines, container platforms and AI runtimes with AIOps/MLOps, automated compliance and cost-to-performance controls. They can use this report to benchmark partners that can modernize core workloads while securely integrating with public cloud and on-premises environments at scale.

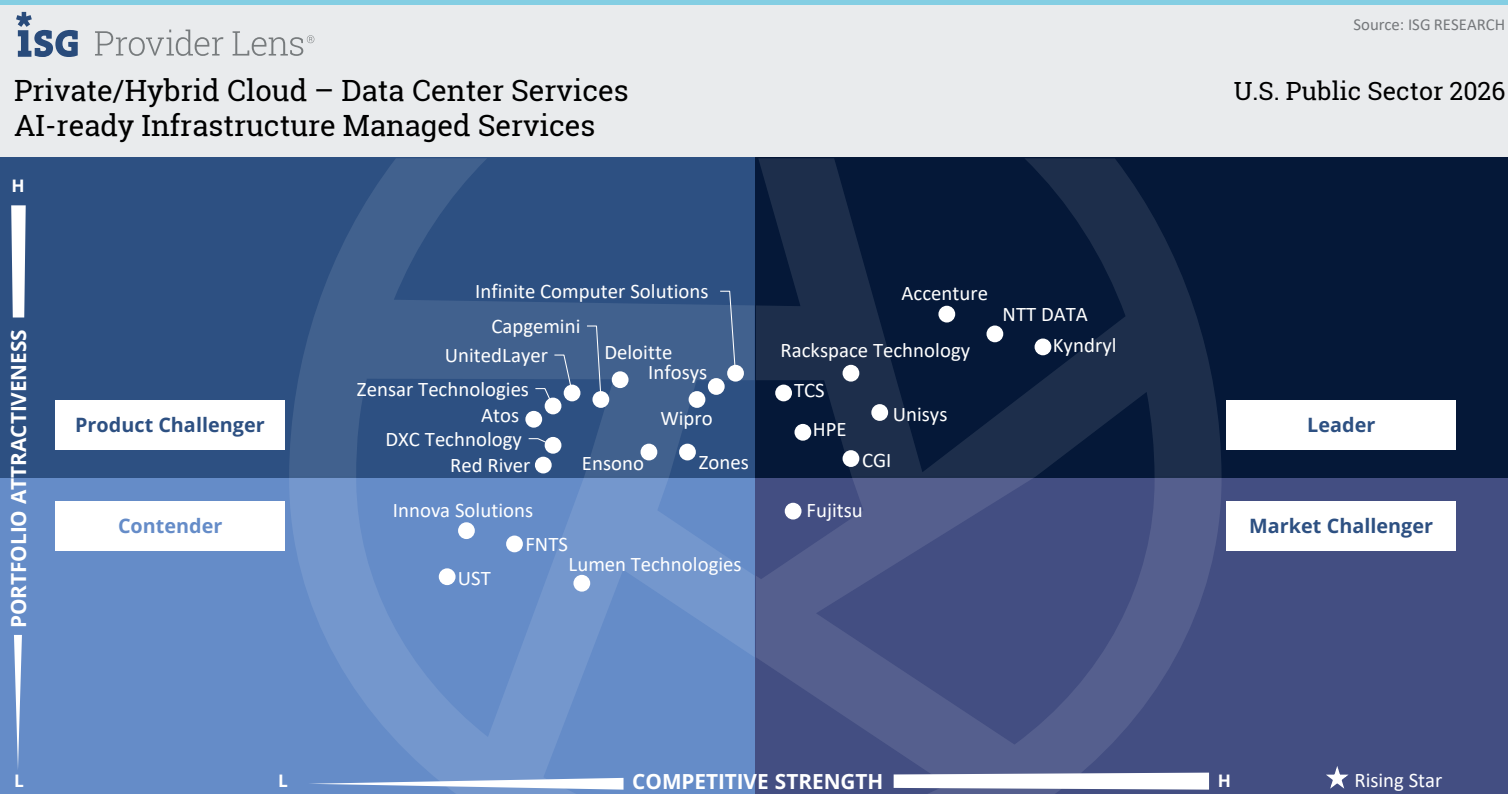
Software development and technology leaders

Should use this report to understand how managed services teams enable reliable platforms for model training, inference and data-intensive applications, standardizing observability, CI/CD for infrastructure, platform APIs and guardrails for responsible AI. The insights can help align roadmaps for platform engineering, ML engineering and DevOps across private, edge and multicloud integrations.

Sourcing, procurement and vendor management professionals

Should read this report to compare service depth, operating models and commercial levers for AI-ready infrastructure services in the U.S. public sector. It supports due diligence on SLAs, GPU capacity commitments, sustainability metrics, security attestations and automation toolchains, informing partner selection, risk management and value realization throughout multi-year engagements.





This quadrant assesses providers offering AI-ready managed services for private and hybrid clouds and traditional data centers for U.S. public sector clients, supporting **transition services, managing daily operations** and **optimizing** clients' existing **IT landscapes**.

Shashank Rajmane



AI-ready Infrastructure Managed Services

Definition

This quadrant assesses providers delivering managed services for private and hybrid cloud and data center environments, with particular focus on continuous optimization and operation of infrastructure to support AI workloads, alongside traditional workloads. Providers take on end-to-end responsibility for operating, automating and transforming infrastructure environments across client data centers, their own setups and third-party colocation facilities.

Unlike managed hosting, AI-ready infrastructure managed services include continuous transformation, AI-driven optimization and lifecycle management of AI-integrated infrastructure, including GPUs, high-performance storage, container platforms and data pipelines. Providers leverage advanced automation, AIOps and MLOps to foster predictive operations, self-healing environments and optimized training and inference runtimes. Their services support both traditional and cloud-native applications and are tightly aligned with enterprise AI strategy, governance and sustainability objectives.

Eligibility Criteria

1. Offer managed services for **private, hybrid cloud and data center infrastructure** (servers, middleware, storage and databases) without partner dependency
2. Take responsibility for **continuous optimization and transformation of AI-integrated infrastructure**
3. Operate and **manage GPUs, accelerators, container platforms and AI runtime** environments
4. Leverage automation, AIOps and MLOps for **predictive operations and self-healing**
5. Support **infrastructure for AI training, inference and data pipeline readiness**
6. Show experience in **transition** projects that include **automation, consolidation, virtualization and containerization** with proven modernization or AI-enablement outcomes
7. Act as an **extension of clients' IT organization**, creating blueprints, architecture frameworks and management processes at their location
8. Provide services for the **centralized orchestration**, monitoring and management of a hybrid IT infrastructure, augmented with AI-driven observation and self-optimization
9. Showcase relevant security and compliance **certifications** at the local level and adhere to emerging AI governance, sustainability and data sovereignty standards
10. Have **expertise in cost monitoring, spend management and FinOps** for AI workloads



AI-ready Infrastructure Managed Services

Observations

In the U.S. SLED-focused managed services, the market is shifting toward AI-ready hybrid infrastructure delivered through highly governed, compliance-first operating models. Service providers are restructuring managed services around policy-driven control, sovereign AI and secure workload placement, reflecting the unique needs of public sector organizations. Capabilities such as agentic operations, zero trust architectures and FinOps are increasingly embedded in service delivery as standard components.

Another consistent trend is the emphasis on balancing modernization with continuity, especially given the prevalence of legacy systems in SLED environments. Providers are offering structured pathways that move from assessment to transformation and then to steady-state operations, enabling SLED agencies to modernize incrementally without disrupting mission-critical services. Shared services models, cooperative procurement mechanisms and hybrid deployment flexibility

are also becoming central, enabling SLED organizations to scale capabilities across departments while maintaining autonomy and compliance.

From an enterprise buyer perspective, managed services in the SLED segment are becoming more complex to evaluate. Buyers should prioritize providers that demonstrate execution maturity in AI operations, strong alignment with compliance requirements and measurable outcomes in cost management, resilience and service delivery. Common challenges include higher cost structures for consulting-led engagements, variability in automation maturity and the complexity of integrating legacy systems with modern hybrid architectures. Overall, the market is moving toward providers that can serve as long-term transformation partners while maintaining strict public sector accountability and operational discipline.

From the 37 companies assessed for this study, 25 qualified for this quadrant, with eight being Leaders.

accenture

Accenture is most relevant where SLED buyers need help deciding where AI workloads should run and how hybrid environments should evolve around mission outcomes. It is most valuable when strategy, modernization and managed operations must progress together rather than as separate programs.

CGI

CGI is relevant where public sector mission needs must be translated into a governed, platform-led modernization path. This approach supports SLED organizations seeking secure, modular change that can be adopted without compromising governance, interoperability or operational control.

Hewlett Packard Enterprise

HPE is well-aligned with SLED buyers requiring a disciplined, shared-services approach to AI under stronger hybrid cloud controls. Its model fits centralized IT teams that want multi-tenancy, policy enforcement, phased modernization and infrastructure capacity.

kyndryl

Kyndryl is most relevant where SLED organizations must modernize legacy core platforms without losing operational control. It offers a credible path to private AI and hybrid cloud operations for legacy-heavy environments that cannot reset all at once.

NTT DATA

NTT DATA is most effective when its broad portfolio is used to build a governed modernization foundation through full-stack solutions. This approach makes it relevant for SLED buyers that need infrastructure refresh, operational control and AI readiness to advance together.

rackspace technology.

Rackspace Technology provides SLED organizations with a practical route to AI-ready hybrid operations without enforcing a single private-cloud model. Its government-focused delivery and OpenStack options appeal to buyers seeking control and procurement flexibility.



AI-ready Infrastructure Managed Services



TCS approaches AI-ready infrastructure as a policy-led operating model rather than a separate specialist build. This provision allows SLED organizations a more structured path from legacy estates to hybrid operations with stronger automation, governance and control.



Unisys is most differentiated in scenarios where hybrid infrastructure must run as a shared service across multi-campus or federated environments. Its approach aligns with SLED buyers seeking assessment-led modernization and governed agentic operations without losing local autonomy.



Unisys



“Unisys brings a pragmatic public-sector approach to AI-ready hybrid infrastructure, helping SLED organizations modernize core environments at scale while balancing institutional autonomy, governance discipline and operational accountability over time.”

Shashank Rajmane

Overview

Unisys is headquartered in Pennsylvania, U.S. It has more than 15,000 employees across 20 countries. In FY25, the company generated \$2.0 billion in revenue. In AI-ready managed services, Unisys offers hybrid cloud managed services, cloud transformation, data center management and cloud financial optimization, supported by AIOps, observability, policy-based automation, self-healing capabilities and security-integrated operations. Its strongest relevance in the SLED segment is in higher education and state shared services environments, where it supports multi-campus university platforms and state infrastructure programs through CloudOps, SecOps and FinOps disciplines.

Strengths

Shared services-oriented operating model:

Unisys differentiates itself through deep shared services, supporting hybrid cloud environments where central governance operates alongside local flexibility, which is critical for SLED organizations. Its experience across multi-campus and multi-agency models integrates shared cloud platforms, orchestration, service management and data integration to support a governed foundation for shared digital services and AI workloads, while preserving local autonomy.

Assessment-driven modernization: Unisys takes a consultative assessment approach and shifts into operational action. Rapid value assessments, well-architected reviews and cloud CoE support offer operational and financial insights into clear modernization

priorities. For SLED organizations, this approach creates a disciplined, evidence-based path to workload placement, technical debt reduction and execution within legacy environments.

Governed agentic AI operations: Unisys is advancing beyond conventional AIOps by embedding agentic workflows into live operations, integrating observability, event handling, ticket creation, Azure DevOps tasking, self-healing and zero touch execution within formal governance and change controls. For SLED organizations, this capability enables faster response and lower manual effort while preserving accountability, operational control and audit discipline.

Caution

While Unisys presents a clear vision for AI-ready infrastructure, private AI and partner-backed GPU models, its public SLED proof remains weighted toward hybrid cloud modernization and AI-enabled operations. Enterprises planning near-term AI platforms should validate the delivery depth and referenceability of AI implementations.





Managed Cloud Hosting and Resilient Infrastructure Services

Who Should Read This Section

This report is valuable for service providers offering **managed cloud hosting and resilient infrastructure services** in the **U.S. public sector** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

IT and infrastructure leaders

Should read this report to evaluate managed cloud hosting providers in the U.S. public sector that deliver resilient architectures comprising high availability, backup/DR, cyber recovery, zero-trust operations and workload portability across private, hosted and public environments. They should use the report to guide the modernization of mission-critical platforms, optimize placement decisions and strengthen business continuity posture.

Software development and technology leaders

Should use this report to understand how hosted platforms support application modernization, Kubernetes, databases, middleware and integration services while meeting latency, performance and compliance needs. The report clarifies provider roadmaps for automation, observability and platform SRE so teams can ship reliably, reduce toil and accelerate release cycles for regulated and enterprise workloads.

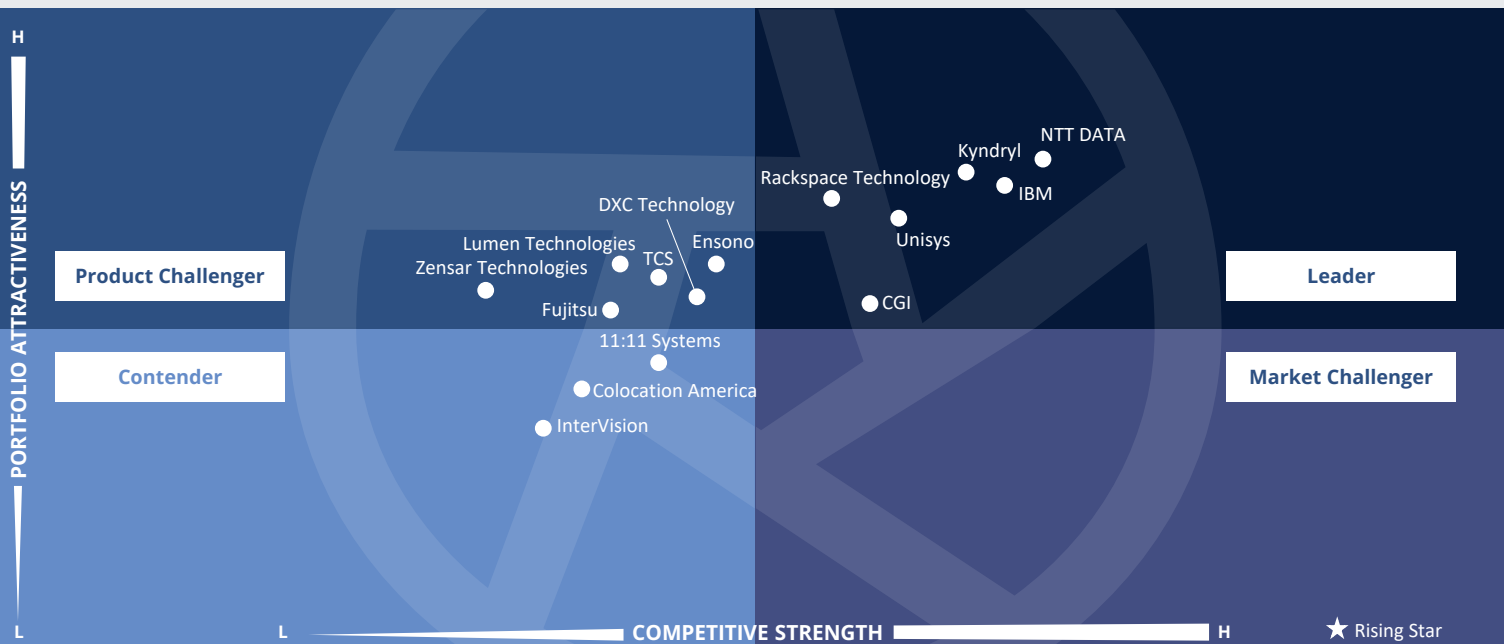
Sourcing, procurement and vendor management professionals

Should use this report to compare contractual constructs for resilience-tiered recovery objectives, immutable backups, security controls, burst capacity and cross-region designs alongside transparent pricing, exit options and governance. These insights can enable structured RFPs, strong negotiations and measurable outcomes for hosted and hybrid infrastructure programs.



Private/Hybrid Cloud – Data Center Services Managed Cloud Hosting and Resilient Infrastructure Services

U.S. Public Sector 2026



This quadrant assesses providers offering **enterprise-grade hosting** services using their own or third-party facilities to **U.S. public sector** clients. Providers are responsible for **managing data center equipment**, including **servers, storage, operating systems** and **networking**.

Shashank Rajmane



Managed Cloud Hosting and Resilient Infrastructure Services

Definition

This quadrant assesses providers delivering enterprise-grade managed cloud hosting and resilient infrastructure services using their own, colocated or contracted third-party facilities. The providers take on the responsibility of provisioning, operating and maintaining core infrastructure components, including compute, storage, networking, operating systems and AI-integrated infrastructure, to ensure high availability, performance, security and recovery under definitive SLAs.

Managed cloud hosting focuses on the stable and predictable operations of infrastructure environments, with providers ensuring infrastructure runtime stability, data protection, disaster recovery and workload proximity. However, they do not take the responsibility

of continuous infrastructure transformation, AI pipeline optimization or the lifecycle management of AI workloads beyond hosting support. The quadrant also evaluates providers that support AI- and data-intensive workloads from a hosting and capacity perspective, emphasizing resilience, scalability and cost efficiency.

Eligibility Criteria

1. Offer **enterprise-grade** managed hosting services using own, colocated (reality only) or contractually secured infrastructure
2. Provide **SLA-backed** availability, **resilience**, **backup** and **disaster recovery** (active-active or active-passive)
3. Demonstrate the ability to **maintain** and **expand** infrastructure capacity in tandem with demand
4. Operate and manage **dedicated** and **shared infrastructure** environments on a unified platform
5. Implement **multilayered security** controls across **physical**, **network** and **system** layers
6. Support **AI- and data-intensive** workloads through required infrastructure support and runtime stability
7. Provide **data locality**, **compliance** and **regulatory** alignment support as required



Managed Cloud Hosting and Resilient Infrastructure Services

Observations

Managed hosting services for U.S. SLED organizations are evolving into a continuity-first, resilient and governance-driven operating model, rather than a pure-play infrastructure service capability. A common theme is the emphasis on secure, compliant and procurement-aligned hosting environments, with capabilities such as GovRAMP and FedRAMP alignment, cooperative contracting vehicles and policy-led governance embedded directly into service delivery. Providers increasingly position hosting as a stable foundation for critical systems, including ERP, finance and citizen-facing services, while enabling gradual modernization through hybrid cloud models.

Another key trend is the integration of resilience, recovery and automation into the core hosting construct. Disaster recovery, cyber recovery and business continuity are increasingly coupled with daily operations through AIOps, observability and policy-

based automation. This trend reflects broader market shifts in which public sector agencies prioritize operational stability, auditability and risk mitigation, especially given legacy dependencies and regulatory constraints. Providers are also introducing more flexibility through vendor-neutral architectures, VMware-based private cloud and workload-specific hosting paths, allowing SLED agencies to modernize incrementally without disrupting mission-critical services.

From an enterprise buyer perspective, managed hosting remains highly relevant in SLED environments but continues to evolve. Buyers should look beyond baseline hosting capabilities and evaluate providers on their ability to deliver consistent governance, integrate recovery and security into operations, and support phased hybrid modernization.

From the 37 companies assessed for this study, 15 qualified for this quadrant, with six being Leaders.

CGI

CGI makes public sector modernization more practical. Its GovRAMP-ready hosted ERP model gives state and local agencies a lower-disruption path from legacy finance, HR and budgeting systems to secure cloud operations, while preserving governance and continuity.

IBM

IBM is most relevant for SLED buyers seeking to extend or harden existing Power and VMware estates without major disruption. Its hosted Power, bare-metal and VMware options provide resilience, added capacity and off-site control for regulated workloads while preserving familiar operations.

kyndryl

Kyndryl brings a repeatable public sector run model to managed hosting, especially for SLED buyers. Its contract access, deployment flexibility and strong IBM Z, IBM i and Power support make modernization safer when institutional systems cannot be disrupted.

NTT DATA

NTT DATA is well-positioned for SLED buyers that require controlled modernization and recovery discipline. Its use of dedicated private cloud, tested resilience and public sector buying routes helps agencies improve continuity without added delivery or governance risk.

rackspace technology.

Rackspace Technology offers a VMware-based hosting transition path for SLED estates. Its unified VMware Cloud Foundation (VCF) operations model and managed cyber recovery help buyers migrate from aging hosted environments in phases while keeping day-to-day operational accountability and control.

unisys

Unisys is most relevant where managed hosting must support shared-services operating models. Its strength with distributed state IT and higher education environments helps standardize ERP and administrative workloads, improve recovery discipline and allow local operational flexibility.



Unisys



"Unisys supports SLED modernization without disrupting core services. Its operating model improves control, resilience and continuity as institutions move carefully across data centers and cloud environments."

Shashank Rajmane

Overview

Unisys is headquartered in Pennsylvania, U.S. It has more than 15,000 employees across 20 countries. In FY25, the company generated \$2.0 billion in revenue. Its managed cloud hosting portfolio spans hybrid cloud managed services, data center management, cloud financial optimization, DRaaS and cyber recovery services. The approach integrates observability, automation, service management, security and policy-led governance across environments. In the SLED segment, Unisys is most visible in higher education and state IT, supporting large, distributed environments that require secure shared services, recovery discipline and cost-accountable hybrid operations.

Strengths

Governed shared-services modernization:

Unisys is well-suited to state organizations that need controlled workload hosting services across their legacy data center assets and modern hyperscalers. Its approach combines cloud management platforms, catalog-led operations, and automated provisioning and patching to support consistent service across SLED agencies, reducing transition risks and making phased modernization more practical than large-scale migration.

Multi-campus hosting discipline:

Unisys shows maturity in managing shared hybrid infrastructure across complex higher education environments and distributed locations/extended architectures with unique and shared services. It has

experience standardizing and securing ERP and administrative workloads across 23 campuses while preserving campus-level needs through orchestration, automation and centralized service management. This model supports improved operational consistency without forcing uniform adoption across institutions.

Built-in resilience and recovery: Unisys embeds disaster recovery, cyber recovery and secure backup into its hosting model rather than treating them as separate projects. This approach covers primary-site assessment, replicated-site planning and automated backup and restore workflows, supporting SLED clients running critical student, finance and citizen services.

Caution

Although Unisys demonstrates strength in steady-state operations, its ecosystem depth across hyperscalers and AI-driven platforms continues to evolve. U.S. public sector clients should evaluate its ability to support multicloud flexibility and embed advanced automation in long-term hybrid cloud hosting environments.





Sustainable Colocation Services

Who Should Read This Section

This report is valuable for service providers offering **sustainable colocation services** in the **U.S. public sector** to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

IT and infrastructure leaders

Should read this report to assess U.S. public sector colocation providers on sustainability and operational excellence, renewable energy sourcing, verified carbon data, PUE, heat reuse options, liquid cooling readiness and high-density AI racks alongside network fabrics to clouds and carriers. They can use the report to plan capacity for AI-era workloads without compromising resilience or compliance.

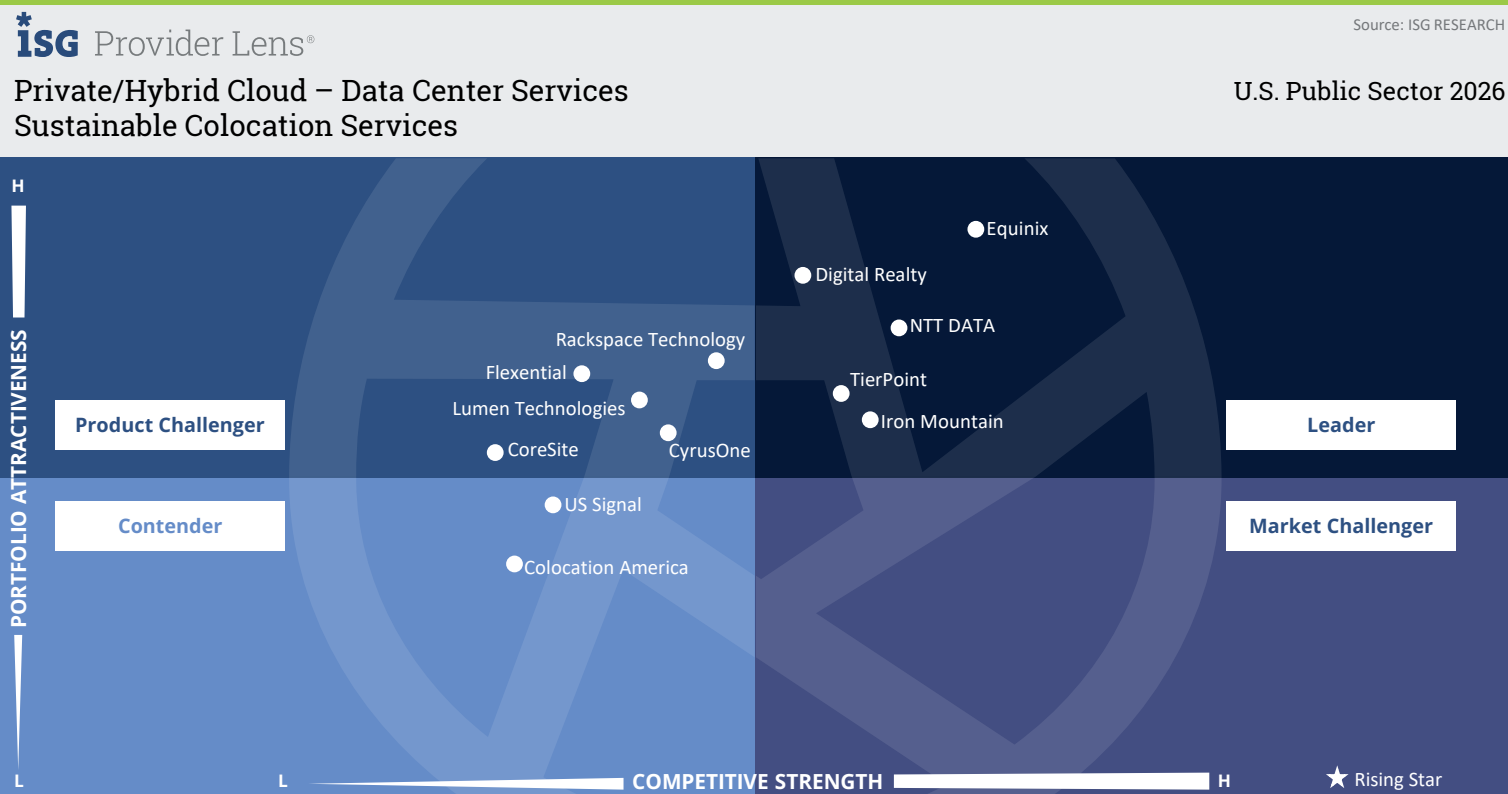
Software development and technology leaders

Should use this report to understand how colocation ecosystems enable performant, sustainable platforms through proximity to clouds and data sources, low-latency interconnects, edge on-ramps, secure data exchange and support for regulated datasets. These factors inform architecture patterns for AI and ML pipelines, data platforms and event-driven applications.

Sourcing, procurement and vendor management professionals

Should use this report to compare sustainability disclosures, energy contracts, carbon-free SLAs, metering granularity and reporting, cross-connect pricing, relocation services and growth paths. The report helps structure outcome-based deals that balance total cost of occupancy with ESG commitments, resiliency targets and expansion flexibility.





This quadrant assesses data center colocation providers based on their ability to serve SLED clients seeking **cost- and resource-efficient, sustainable and adaptive data center facilities** to avoid the overhead of owning data centers.

Shashank Rajmane



Sustainable Colocation Services

Definition

This quadrant assesses colocation providers offering standardized and secure data center facilities on rent for the computing hardware of enterprises. They must also offer diverse carrier connectivity, low latency and high bandwidth for seamless operations. A critical differentiator is the commitment to sustainability, involving the deployment of renewable energy, energy-efficient cooling and circular economy practices such as e-waste recycling. Concurrently, providers must show a measurable commitment to environment-related mandates through carbon offset programs and real-time sustainability reporting, ensuring a compliant and environmentally responsible perimeter.

In keeping with developments in AI, colocation providers must support high-performance computing through high-density racks and advanced liquid cooling for GPU hosting. This modernization should extend to networking

and security, incorporating software-defined interconnections (SDI), edge-ready services and robust data sovereignty controls. By combining professional remote hands support with scalable, flexible infrastructure, these colocation services must include the high-performance environment necessary for AI-intensive workloads.

Eligibility Criteria

1. Own facilities that offer **modern, standardized and energy-efficient data center** architectures for colocation
2. Offer **secure** and high-quality **network** equipment, appliances and connectivity systems
3. Can guarantee **power density and renewable energy usage** to support current and future technologies
4. Implement **multilayered security** controls across **physical, network and system** layers
5. Have relevant **certifications** such as SSAE 16, HIPAA, ISO 14001, ISO 22301, ISO 27001, ISO 50001, EN 50600, PCI DSS, NIST2, KRITIS, FISMA and SOC Type 1 and 2, as well as LEED, ENERGY STAR and ISO 14001 accreditations for environmental support
6. Have the ability to meet SLAs related to **hands-and-feet support** and hardware replacement
7. Render **facilities with traffic exchange points** in proximity to users and hyperscalers
8. Offer **disaster recovery and backup solutions**
9. Provide **modular and scalable** solutions that allow **rapid deployment** for custom or temporary needs
10. Furnish detailed sustainability measures and public reporting on **PUE, WUE, carbon intensity, renewable power sourcing and waste reduction**



Sustainable Colocation Services

Observations

The U.S. public sector sustainable colocation market is becoming more demanding on its own. SLED agencies now expect evidence that can withstand procurement review, internal reporting and policy scrutiny. This shift is pushing providers to show measurable operating metrics, documented energy and water consumption data, and clearer proof at the facility or campus level, rather than relying on portfolio-level claims.

At the same time, the quadrant evaluates providers that treat colocation services less as a means of hosting infrastructure and more as a governed operating layer for hybrid cloud environments. Leading providers are responding by combining colocation with software-defined connectivity, hyperscaler access, customer portals, remote hands services and other operational tools that reduce day-2 complexity. For U.S. public sector organizations with lean IT teams, a key differentiator is whether the providers

make distributed environments easier to control, change and support without adding management overhead.

A common theme observed was that site-level validation matters more than scale. Advanced sustainability features, compliance depth, high-density readiness and operational support are often strongest in select metro facilities rather than consistently available across the entire data center footprint of providers. This makes early diligence more important, especially where resilience requirements, future AI-related capacity and reporting requirements depend on the chosen site. The quadrant also shows a sharper divide between technical capability and public sector fit, with buyers placing greater weight on contracting practicality, service boundaries, cost visibility and operational transparency.

From the 37 companies assessed for this study, 12 qualified for this quadrant, with five being Leaders.

Digital Realty

Digital Realty stands out for making large-scale colocation easier to govern for public sector buyers. Its mix of standardized delivery, measurable sustainability and hybrid cloud connectivity that supports repeatable modernization across multiple sites.

Equinix

Equinix is turning ecosystem scale into a more transparent and controllable operating model for public sector buyers. Site-level environmental reporting, mature digital operations and dense interconnection capabilities align with requirements where auditability and metro-level expansion are important.

Iron Mountain

Iron Mountain aligns with regulated public workloads that value auditability as much as infrastructure. Its compliance-oriented posture, sustainability focus and hybrid cloud support improve its alignment with SLED buyers.



NTT DATA aligns colocation services with public sector procurement and operating requirements. Its day-2 operational, disciplined and procurement-ready posture makes it a credible choice for SLED agencies seeking service clarity alongside advanced facilities.

TierPoint

TierPoint stands out for its practical public sector fit over scale. Its regional footprint, resilient operating model and selective high-density readiness make it a credible option for state, local and education buyers beyond the largest hubs.





Appendix

The ISG Provider Lens® 2026 – Private/Hybrid Cloud — Data Center Services study analyzes the relevant software vendors/service providers in the U.S. Public Sector market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

Study Sponsor:

Heiko Henkes

Lead Author:

Shashank Rajmane

Editor:

Ritu Sharma

Research Analyst:

Yatharth Bharti

Data Analysts:

Sachitha Kamath and Lakshmi Kavya Bandaru

Consultant Advisors:

Alex Perry

Project Manager:

Manikanta Shankaran

Information Services Group Inc. is solely responsible for the content of this report. Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by, and are the sole property of, Information Services Group Inc.

The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of May 2026 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars (\$US) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of Private/Hybrid Cloud — Data Center Services market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge & experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts & figures received from providers and other sources.
6. Use of the following key evaluation criteria:
 - * Strategy and vision
 - * Innovation
 - * Brand awareness and presence in the market
 - * Sales and partner landscape
 - * Breadth and depth of portfolio of services offered
 - * Technology advancements



Author and Editor Biographies

Author

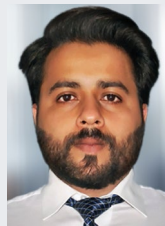


Shashank Rajmane
Manager and Principal Analyst

Shashank Rajmane has more than a decade of extensive experience in research and works as a Principal Analyst at ISG. He leads the efforts for ISG Provider Lens® studies — Public Cloud Services & Solutions and Private/Hybrid Cloud & Data Center Outsourcing Services. He also authors the U.S. and Global reports. Apart from these, Shashank has been part of many consulting engagements and helping ISG's enterprise clients with their cloud strategy, along with selecting the right service providers/vendors based on their IT-related buying requirements.

He has authored several white papers, thought leadership articles, briefing notes, blogs and service provider intelligence reports, especially in the next-generation hybrid cloud and infrastructure services domain. Shashank has also delivered several workshops, webinars and podcasts and has been quoted in IT journals.

Research Analyst and Co-Author



Yatharth Bharti
Senior Research Analyst

Yatharth is a Senior Research Analyst at ISG. He is responsible for supporting and co-authoring Provider Lens® studies on Public Cloud and Private Hybrid Cloud Data Centre Solutions and Services. Yatharth supports the Lead Analysts in the research process on multiple regions and authors the global summary report, and focal points. He also collaborates with the Lead Analysts in the process of rating the providers and building insights around the market trends and drivers.

Yatharth has over 7 years of experience with a strong background in research, data analysis, and business analysis. In his previous role, Yatharth oversaw custom

research and analysis projects to support businesses in better decision-making. Specializing across various industries with Everest Group, Yatharth provided valuable insights and recommendations and led in-depth analyses of enterprises and their operations to provide tailored insights to the clients.



Author and Editor Biographies

Study Sponsor



Heiko Henkes
Director & Principal Analyst, Global IPL Content Lead

Heiko Henkes serves as Director and Principal Analyst at ISG, overseeing the Global ISG Provider Lens® (IPL) Program for all IT Outsourcing (ITO) studies alongside his pivotal role in the global IPL division as a strategic program manager and thought leader for IPL lead analysts.

Henkes heads Star of Excellence, ISG's global customer experience initiative, steering program design and its integration with IPL and ISG's sourcing practice. His expertise lies in guiding companies through IT-based business model transformations, leveraging his deep understanding of continuous transformation, IT competencies, sustainable business

strategies and change management in a cloud-AI-driven business landscape. Henkes is known for his contributions as a keynote speaker on digital innovation, sharing insights on using technology for business growth and transformation.

IPL Product Owner



Jan Erik Aase
Partner and Global Head – ISG Provider Lens®

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor.

Now as a research director, principal analyst and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



Provider Lens®

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. 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 across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this [webpage](#).

Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research™ delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties and cities) and higher education institutions. Visit: [Public Sector](#).

For more information about ISG Research™ subscriptions, please email contact@isg-one.com, call +1.203.454.3900, or visit research.isg-one.com.

ISG (Information Services Group) (Nasdaq: III) is a leading global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth.

The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.



JUNE, 2026

REPORT: PRIVATE/HYBRID CLOUD — DATA CENTER SERVICES