ISG Provider Lens™

Microsoft AI and Cloud Ecosystem

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

Korcomptenz

SWEET SPOT REPORT | APRIL 2025 | GLOBAL

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A report comparing providers' capabilities to help decision-makers more effectively source services

Global market dynamics are currently characterized by uncertainty and turbulence, driving organizations to increase their focus on cloud-related investments aimed at improving business visibility, predictability and resilience. Tech spending for 2025, especially related to the Microsoft AI and Cloud ecosystem, is mainly driven by investments in cybersecurity, cloud-enabled (and AI-fueled) innovation, data and analytics, digital transformation and infrastructure modernization, particularly hardware/device refresh initiatives as Windows 10 approaches the end of life.

Enterprises continue to seek opportunities to enhance control over cloud costs, driving ongoing demand for solutions and services targeting increased utilization, measurable business outcomes and value delivery, cost optimization and governance, and end-to-end security on Microsoft Cloud. Business and technology trends are driving Microsoft to evolve its product offerings and prompt providers to keep pace with Microsoft's advancements. This is particularly true for AI services, FinOps services and data fabric services, all of which are critical to improved business insight, innovation and governance.

Major business trends impacting the global Microsoft AI and Cloud ecosystem include the following:

- **A sharpened focus on measurable business outcomes.** Given the ongoing macroeconomic uncertainty and the persistent threat of inflation, organizations are prioritizing projects that facilitate controlled business growth while supporting effective cost management. This focus is driving the demand for more incremental value delivery, accelerators, industry-specific solutions and near-constant justification of spending. Providers must adapt by consistently positioning their services and capabilities around clear, measurable business outcomes, a challenge that many still face.

Organizations are subsuming digital projects into their AI efforts, **accelerating multicloud adoption**.

- **Prioritization of employee experience (EX), productivity and retention.** Rising labor costs, tech skills shortages and constantly shifting dynamics of hybrid work drive initiatives aimed at increasing employee retention and improving EX. There is an increased focus on employee productivity and collaboration as key requirements. Providers will differentiate themselves based on how effectively they help organizations access data and insights and scale nascent AI initiatives and capabilities, including Microsoft Copilot, to deliver measurable outcomes focused not only on cost savings but also on augmenting human productivity and capabilities to enable improved business performance.
- **Managing and optimizing cloud spend and decreasing time to value.** Margin pressures are driving a heightened oversight of IT projects and ongoing spend, in turn fueling the need for cost management, visibility and optimization. Benefiting from cloud-based pay-as-you-go models requires cost optimization and predictability, hence the growing demand for FinOps services. This trend is propelling the adoption of tailored solutions and services that augment Azure cloud cost optimization capabilities, especially in hybrid cloud scenarios, and pushing service providers to deliver services for forecasting and budgeting, measurement and accountability and offer industry- and region-specific expertise in regulatory and compliance requirements.
- **Improving business agility and responsiveness.** Growing concerns over global supply chain disruptions, heightened by the threat of tariffs, are fueling projects targeting increased process automation, improved visibility and business continuity. They are also driving the demand for more tailored delivery models as clients seek flexible models that balance budgets, priorities and timelines without compromising project outcomes. This is also driving accelerated cloud adoption and pushing service providers to provide capabilities to help organizations embrace and transition to a microservices-based architecture to better isolate workloads and scale specific services on demand.
- I**ncreasing the effectiveness of sustainability efforts.** Clients are increasingly looking to improve their sustainability initiatives through a combination of analytics solutions that provide enhanced insights and dashboards for monitoring and reporting. This focus extends to their internal operations and extended supply chains, including partner and supplier operations, aimed at better measuring, managing and reducing carbon footprints. AI-driven insights, enabled through solid data governance and analytics, are now essential for achieving these sustainability goals.

These business trends are among the key drivers of a changing technology and services landscape, directly impacting the global Microsoft AI and Cloud ecosystem. The following section outlines the key technology trends and their impact on the Microsoft ecosystem, especially the role of service providers.

- **Prioritizing cybersecurity, compliance and governance initiatives.** This approach includes not only addressing cybersecurity threats but also optimizing existing threat detection capabilities, improving data governance and enabling highly effective business continuity processes and approaches. Organizations are increasingly prioritizing security capabilities within the Microsoft 365 suite to combat rising cyberthreats.

When coupled with the growth in hybrid cloud deployments, the focus on cybersecurity has driven an increased emphasis on unified security management, compliance and risk mitigation. This trend is increasingly reflected in Microsoft's security and compliance offerings, including Azure Security Center and compliance certifications designed to protect sensitive data and ensure regulatory compliance. Organizations are looking to service providers that can help them implement

an effective security posture and better leverage tools such as encryption, access controls, threat hunting and compliance frameworks like HIPAA and GDPR.

- **Accelerating cloud adoption and modernizing infrastructure.** Globally, both enterprises and government organizations are accelerating cloud implementations, accompanied by a corresponding increase in digital transformation investments to deliver rapid and measurable results. However, digital initiatives are increasingly subsumed within broader AI-centric efforts, which further accelerates the adoption of typically multicloud strategies. This trend impacts application sourcing strategies, IT spending plans and the need for specific skills. Crucially, it is also raising business expectations regarding time to value, business responsiveness and agility, and the pace of technology-driven innovation.

In response, organizations are increasingly adopting cloud-first strategies and migrating complex workloads and applications to cloud platforms. There will be a massive spike in device refresh initiatives in 2025, with Windows 10 reaching the end of life on October 14, 2025. Microsoft has positioned this as an opportunity for organizations to adopt Windows 11 and the Copilot+PC, which are AI-enabled via upgraded processors.

- **Moving AI from pilot to production to scale.** Microsoft continues to evolve its AI development and implementation strategy across Azure. This is not surprising since the combination of GenAI, agentic AI, ML and AI-enabled capabilities in core tech-enabled functions — including business applications and productivity tools, cybersecurity, supply chain visibility and optimization, sustainability, disaster recovery and infrastructure management — is poised for substantial growth over the next 2-3 years.

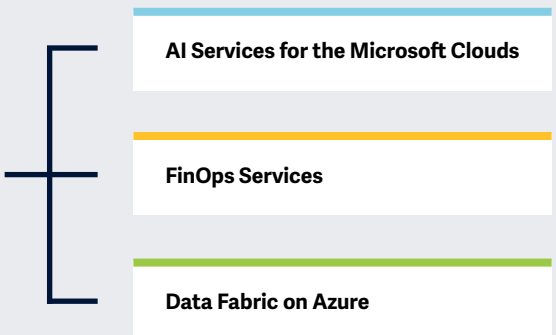
The rapid adoption of GenAI, powered by Azure OpenAI Service and tools like Copilot in Microsoft 365 and Dynamics 365, is already reshaping how organizations approach employee productivity and business innovation. However, organizations are still struggling to move beyond AI pilot phases and into production, driving the demand for services, often industry-specific, to optimize AI-related implementation and adoption. This is particularly evident in areas like predictive analytics, including demand forecasting, supply chain optimization and customer behavior prediction.

- **Improving data governance.** Any increase in AI usage necessitates improved data governance. In fact, one early benefit of the excitement surrounding GenAI initiatives is that organizations are gaining a clear understanding of the importance of data governance and having a strong data foundation. In the past, data governance focused primarily on structured data in databases and data warehouses. However, the scope is now expanding to include unstructured data from Microsoft applications such as SharePoint, OneDrive, Teams and Outlook.

Organizations are increasingly looking to implement a data fabric to simplify the management of complex data environments through a unified platform. We expect these organizations will turn to service providers to understand the functionalities and implications of platforms like Microsoft Fabric, ensuring robust security measures and compliance with various standards.

> Enterprises are seeking opportunities to increase visibility into, predictability of and control over cloud costs, driving ongoing demand for solutions and services that provide improved data-driven insights, cost monitoring and optimization, security and governance, and measurable business outcomes.

This study evaluates providers' capabilities based on their product and service portfolio and competitiveness around the **Microsoft AI and Cloud ecosystem**.



Simplified Illustration Source: ISG 2025

Definition

Microsoft is one of the world's leading technology providers, supported by a network of partners that augment its ability to help enterprises adopt its technologies. This network has experienced significant shifts over the past five years as Microsoft has undergone a major cloud transformation. Digital transformation has become a priority for most enterprises during this period, driving the demand for a new generation of software and services from Microsoft and its partners.

To address enterprises' needs, Microsoft focuses on several core areas — the Azure cloud platform; the Microsoft 365 suite of productivity offerings, including Windows 10, 11 and Office 365; AI services; business, automation and AI applications provided through Dynamics 365; Power Platform; and Microsoft Copilot. For service providers, success depends on delivering a robust set of services complemented by innovative capabilities and a strong relationship with Microsoft. Providers must stay informed about future developments in the Microsoft AI and Cloud ecosystem and demonstrate their ability to drive innovation.

ISG analyzes how providers are positioned globally and in specific regional markets, including Australia, Brazil, Germany, Mexico and Switzerland, based on their portfolio strength and market competitiveness. While many providers offer Microsoft-related services in these regions, this report will exclusively focus on the leading competitors within each studied quadrant, encompassing global and regional providers.

Sweet Spot

Korcomptenz

Overview

Headquartered in the U.S., Korcomptenz provides IT and business consulting services across nine industries, with delivery centers in the U.S., UAE and India and a subsidiary in Canada. The company combines its expertise in Microsoft Fabric and Azure Analytics with deep industry process knowledge to help customers improve data governance and accelerate digital transformation initiatives through optimized, AI-enabled business-critical processes.

Key Provider Capabilities

Korcomptenz is a technology transformation and managed services provider, helping customers drive cloud-based, AI-powered business process transformation.

- **Specialization in Microsoft Business Applications:** With specializations in Microsoft applications, Azure and supporting services, Korcomptenz helps customers deliver business value through integrated solutions across Microsoft Business Applications, including Dynamics 365 F&O and CE, Azure Cloud Solutions, Digital Workplace, Power Platform and Microsoft Fabric.
- **Industry expertise:** Korcomptenz has over 20 years of experience, serving more than 300 clients across multiple industry sectors, including retail (quick-service restaurant [QSR] and fashion), manufacturing (automotive and process), energy (oil field services and oil & gas), financial services (banking and insurance), and distribution and logistics.
- **Flexible sourcing:** Korcomptenz has Microsoft-certified experts with industry experience across four key locations: the U.S., Canada, UAE and India. The company provides a flexible and scalable engagement model that integrates on-site, nearshore and offshore resourcing capabilities to meet dynamic customer needs.
- **Broad range of Microsoft experience and certifications:** Korcomptenz is a Microsoft partner for AI Cloud and Microsoft Fabric, specializing in Analytics on Microsoft Azure and Microsoft Business Applications. The company also holds extensive Microsoft certifications across these domains.
- **Extensive Data Fabric on Azure services:** Korcomptenz's service capabilities include Microsoft Fabric consulting services, simulation and readiness assessments, implementation and change management, and managed services. It offers industry and cross-industry reporting solutions for sectors such as manufacturing, retail banking and ESG. It also provides frameworks for migration to Fabric, supporting business intelligence (BI) modernization generally and Synapse migration specifically.

Benefits Delivered

- A leading machinery manufacturer — production delays reduced by 30 percent and on-time deliveries improved by 25 percent.
- A medical device manufacturer — procurement costs decreased by 15 percent, while improving supplier reliability.

Korcomptenz

Sweet Spot

Korcomptenz's sweet spot lies in its ability to help midmarket and enterprise customers accelerate digital transformation initiatives through Microsoft Business Applications and Azure Cloud. By leveraging its extensive experience in ERP and CRM implementations and deep industry process knowledge, Korcomptenz assists customers in achieving measurable business outcomes.

- **Expanding IP-based services approach:** Korcomptenz is developing IP-based capabilities and solutions that leverage agentic AI to automate and optimize organizational processes in select verticals. These initiatives include AI-based manufacturing solutions, retail cloud reporting with Microsoft Fabric and agentic AI, a retail POS solution and an ESG solution aligned with the CSRD framework.
- **Agentic AI capabilities:** Through its AI innovation center, Korcomptenz leverages its industry domain expertise to identify and develop custom agentic AI use cases and solutions. Among these solutions are LLMOps and RAG/KAG pipelines that utilize Microsoft Copilot Studio, Azure AI Studio, Azure AI Foundry and OpenAI. In addition to these agentic AI engineering services, Korcomptenz offers frameworks for implementing responsible AI and agentic AI assessment and strategy services, including a proprietary AI readiness assessment methodology.
- **Platform-based approach to insights-driven transformation:** Korcomptenz's capabilities extend across multiple domains. Its strategy and road map services support data modernization while data platform implementation and management services support governance across structured, semi-structured and unstructured data.
- **Focus on data democratization and governance:** Korcomptenz's dashboards, reports and analytics services support performance reporting and predictive analytics, enabling improved decision-making. Responsible AI services support deep learning, including computer vision, natural language, speech or other cognitive abilities.

Future roadmap

- **Accelerate SaaS adoption:** Enhancing services for migrating on-premises systems to agile, cloud-based, mission-critical business applications, including Microsoft Dynamics 365 ERP and CE.
- **Enable cloud migration:** Expanding guidance for customers to accelerate cloud migration, identify opportunities for operational improvement and optimize cloud spend through improved FinOps and licensing strategies.
- **Enhance digital workplace:** Empowering Power users with the Microsoft Office productivity suite, security solutions, Power Apps and upcoming AI agents and Copilots.
- **Expand Power Apps and AI agents:** Leveraging its expertise in Power Apps and its own and Microsoft's AI agents to drive customers' automation and optimization strategies.

Appendix

Methodology & Team

The ISG Provider Lens 2025 – Microsoft AI and Cloud Ecosystem study analyzes the relevant software vendors/service providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this study will include data 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. ISG recognizes the time lapse and possible market developments between research and publishing, in terms of mergers and acquisitions, and acknowledges that those changes will not reflect in the reports for this study.

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

The study was divided into the following steps:

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

Lead Author

Michael Barnes
Lead Analyst

Michael helps senior decision-makers across Asia Pacific rethink their business and technology strategies to become more sustainable and compete more effectively in the digital age. He is a globally recognised speaker and author with over 25 years of research and consulting experience.
Prior to joining Tech Research Asia, Michael was a Vice President, Research Director at Forrester Research for over 15 years, where he led Forrester's Asia Pacific Digital Business Strategy service and Customer Experience service. He also led Forrester's Sustainability research across Asia Pacific.

Michael also led software infrastructure and application integration research in Asia Pacific for Gartner, advising large organizations on strategies for sourcing, implementing, and managing enterprise applications and software technologies. He's also conducted software research, advisory and implementation at Meta Group and Hurwitz Group.

An American by birth, Michael holds a Masters in Economics from Northeastern University in Boston and a Bachelor of Political Science and Economics from Ithaca College.

At ISG, he is the Lead Analyst for Microsoft study especially for the Australia and Global Region.

Research Analyst

Khyati Tomar
Senior Research Analyst

Khyati Tomar is a Senior Research Analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on the Microsoft Partner Ecosystem, the Future of Work – Services and Solutions, and OCM. Khyati has over 4 years of experience in the IT research industry. Before this role, she gained over 2.5 years of experience in the technology research industry, where she conducted various consulting and custom projects and co-authored CIS reports, primarily focusing on the public sector vertical.

In her current role, she supports lead analysts in the research process, authors the Enterprise Context and Global Summary reports, and co-authors focal points and quadrant reports.

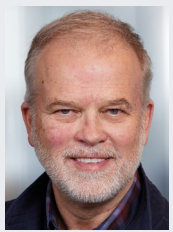
Study Sponsor

Aman Munglani

Director: Hyperscalers, Digital Innovator Series and Custom Research

Aman Munglani leads the ecosystems and custom research practice for ISG. He brings over twenty years of expertise in emerging technologies and industry trends. His career is marked by significant contributions in guiding top executives from Global 2000 companies, offering strategic advice on digital transformation, start-up partnerships, driving innovation, and shaping technology strategies. In his tenure exceeding twelve years at Gartner, Aman focused on providing CIOs and IT executives across Asia Pacific and Europe with insights on the practical implementation and advancement of new technologies, the evolution of infrastructure, and detailed vendor assessments.

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.

ISG 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, 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 across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

ISG Research™

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ISG

ISG (Nasdaq: III) is a 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.

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APRIL, 2025

REPORT: MICROSOFT AI AND CLOUD ECOSYSTEM