On the Radar: CDW provides a professional and managed service approach to digital transformation

Summary

Catalyst

"Digital transformation" is a widely used term, but it hides a number of different activities that organizations need to do to ensure success. The CIO manages the IT transformation activities and determines how these will integrate with the newly transformed business activities. Yet, the exact scope of these activities will depend on multiple factors, such as the maturity of the organization, the current technology environment and the target environment, and the skills and people resources available. CDW recently acquired Sirius Computer Solutions to strengthen its professional services portfolio in anticipation of helping CIOs with the process of transforming their infrastructure and, ultimately, modernizing their business.

Omdia view

The digital transformation journey, according to Omdia's IT Enterprise Insights 2021 survey (n=44,746), remains mostly a work in progress for many organizations. Only 16% of survey respondents reported that their journey was complete, and 13% indicated that they had not started. This means that 71% of respondents in 2021/2022 are at different stages of the journey.

CDW's Amplified Services portfolio offers solutions ranging from Infrastructure, Development, and Security Services to Workspace, Data, and Support Services. Since these services help CIOs with many aspects of digital transformation, including the foundational infrastructure, CDW is well-positioned to help organizations with this journey.

CIOs are looking for technology partners to help navigate this potential minefield with a range of products and services. They must balance the need to transform with the need to deliver business-critical systems from a resource, risk, and security perspective. Many CIOs will need the help of external partners to achieve this balancing act, and professional and managed services represent an approach that allows CIOs to deliver transformation, maintain service consistency, and retrain employees for the new roles.

Why put CDW on your radar?

The complexity and resource challenges of delivering a digital transformation of the IT environment while also maintaining existing business-critical systems cannot be underestimated. CDW has a range of services that provide flexible solutions for the short-term as well as ongoing activities required to support a digital enterprise.

Market context

The solutions for digital transformation encompass a mixture of approaches and can appear as a binary choice between DIY and a fully managed service. These two extremes do not help the majority of organizations that either do not have the knowledge and resources to take on a DIY project or do not have the desire to turn the entire project over to a third party.

The software vendors have specific products/solutions to offer customers, but these require the customer to integrate them and manage them to deliver the change the customer wants to achieve. In other words, the software vendors provide the tools for organizations to design and implement a bespoke digital transformation journey.

Meanwhile, the global systems integrators (GSIs) have a services-led approach for the large enterprises, and the managed service providers (MSPs) offer a similar set of services for the small and medium-sized business (SMB) and midmarket customers. Both of these services-led offerings assume the responsibility for delivering a turnkey digital transformation for the CIO but come at a price, namely the ongoing cost and the degree to which existing employees are displaced by the service provider.

The issue with these two different approaches is that they fail to address the real needs of the CIOs, who need the help and tools to design, build, and run any digital transformation project. The specific proportions of services and tools will be dependent on organizational constraints such as budget, people, skills, speed, etc. CDW, combined with the Sirius Computer Solutions acquisition, offers a different approach that sits between the product/tool providers and the full service providers.

Product/service overview

As noted above, CDW offers a range of services across a wide selection of topics under its Amplified Services portfolio. As an important part of this portfolio, Infrastructure Services provides a bridge that connects skills, tools, and resources so CIOs can scale and modernize the data center and cloud environment to support the digital business. The common full stack service delivery model of CDW Amplified Services consists of three key steps, Design, Orchestrate, and Manage, that essentially include the following actions:

- Combine cloud, services, software, and hardware for all engagements
- Add specialized services, such as Infrastructure Services

- Add different services that address the specifics of the challenge

While CDW Amplified Services offers a consistent delivery model, CDW, by listening and working with customers, can adjust and deliver those aspects of the model that best meet their needs.

Design – Advisory and assessment

This capability within the model is for those customers that need assistance with strategic planning and help in deciding how to bridge from the current to future desired state. CDW has engineers and experts that can work with customers using workshops and assessments to help customers generate a plan that will deliver the business outcomes they want to achieve.

Orchestrate – Building, implementing, and deployment

This capability offers configuration and implementation of the infrastructure so that it meets the needs of the software and is available and working when required. The other capabilities offered under this step include building, testing, and deploying software solutions and dealing with the ongoing change management process.

Manage – Continuous support and operations

This capability is the fully managed offering, where the customer can choose to have CDW experts operate and run their IT services as a managed service. Within this offering, CDW has levels of services. One service provides end-to-end support of the environment, including monitoring and maintenance. Others provide technical support and continuous improvement solutions that offer optimization capabilities designed to ensure the technology continues to deliver the expected performance and outcomes.

Company information

Background

CDW Corp. (Nasdaq: CDW) is a leading multi-brand provider of IT solutions to business, government, education, and healthcare customers in the US, the UK, and Canada. A Fortune 500 company and member of the S&P 500 Index, CDW was founded in 1984 and employs approximately 14,600 coworkers. For the trailing 12 months ended June 30, 2022, the company generated net sales of approximately $23bn.

Current position

Under Amplified Infrastructure Services, CDW covers four main themes where it has significant expertise and tools to help CIOs.

Hybrid Cloud

In this specific service, CDW has a hyperconverged infrastructure (HCI) solution that provides an on-premises cloud environment. The use of an HCI approach enables CDW to offer a single unified environment that benefits from a single unified management approach, making it a simpler and more cost-effective solution.

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Networks

CDW has several categories of network services. One of the main categories is called Enterprise Networking and is focused on external connectivity. CDW makes use of its software-defined networking technologies to optimize the connectivity of different classes so that the network delivers performance and reliability in line with business expectations.

Another notable category is called Data Center Networking, where the internal traffic patterns of network activity are analyzed so that application performance is improved. The network admins are given the tools they need to manage the new data flows to ensure downtime is minimized.

Data Center

CDW has four service categories under the Data Center offering. The company uses the concept of a software-defined data center (SDDC) to reduce the complexity of managing existing infrastructure and helping organizations on a path to adopting cloud in its Data Center Migration and Optimization Services. The Next-Gen Backup service is focused on constructing a solution that automates the actions and maximizes the resiliency by using a combination of on-premises and offsite backups. A specialist Compute and Storage service is designed to improve monitoring and observability so customers improve the management of these resources and make the necessary changes as needed.

In Omdia's opinion, the final service in this offering—Power and Cooling—is one of the most relevant for the environmental sustainability requirements organizations will increasingly face. The Power and Cooling service will ensure the data center is operating efficiently.

OS

The last service described here is CDW's Operating System, Applications and Services, which provides certified experts to deliver, install, and manage the applications/services and OS layer. This is useful for organizations that do not want to adopt a cloud model but also do not want to manage the software stack.

Technical Services

Through its staff augmentation services, CDW helps organizations fill hiring needs with agility so they can adjust as their business needs change. Specifically, an internal technology team can access experts they do not have without committing full-time employees to the budget. These technical experts range from helpdesk, systems analysts, and network engineers to other infrastructure and security personnel, applications and data management specialists, digital and content experts, and broader program management office and business operations experts.

Future plans

CDW announced in December 2021 that it had acquired Sirius Computer Solutions. The addition of Sirius has enabled CDW to expand and scale its services and solutions capabilities, especially in security, and further enhance its ability to solve customers' increasingly interconnected and complex technology challenges. It has also strengthened CDW's role as a trusted technology adviser to its customers, with the expertise and portfolio breadth, depth, and scale to orchestrate complete customer-centric outcomes across the full technology solutions stack and lifecycle.

The new services added by the Sirius acquisition will enable CDW to develop cloud digital and data application services such as DataOps and artificial intelligence/machine learning (AI/ML). Moreover, this acquisition will enable CDW to add managed services tooling to its portfolio and expand beyond the infrastructure.

Key facts

Table 1: Data sheet: CDW

Service name	CDW Amplified Services	Service classification	Infrastructure services
Industries covered	All	**Geographies covered**	All
Relevant company sizes	All	**Licensing options**	Contract, pay-as-you-go (PAYG)
URL	CDW.com/services	**Routes to market**	Direct
Company headquarters	Vernon Hills, Illinois, US	**Number of employees**	~14,600

Source: Omdia

Analyst comment

The challenge with delivering digital transformation for many CIOs is that they lack the resources and skills for the new technologies needed to support a digital business. CIOs have three options:

- Outsource the existing systems to a third party to run while the IT department focuses on deploying the new technology.
- Outsource the deployment of the new technology and transition to in-house support and maintenance once delivered.
- Find a middle ground where a shared responsibility model is used.

The first two options present significant challenges with staff retention and training and represent the old way of dealing with technology transitions. The third option represents the most flexible approach that a CIO can adopt. This middle ground approach enables CIOs to reshape the IT department and use a trusted partner to help transition and then run parts of the new digital business where it makes sense.

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. On the Radar vendors bear watching for their potential impact on markets, as their approach, recent developments, or strategy could prove disruptive and of interest to tech buyers and users.

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