

FROST & SULLIVAN

*TAOS*

**2022**  
**COMPANY**  
**OF THE**  
**YEAR**

*GLOBAL MANAGED CLOUD  
SERVICES INDUSTRY*

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Taos excels in many of the criteria in the global managed cloud services space.

AWARD CRITERIA	
Visionary Innovation & Performance	Customer Impact
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

### Industry Challenges

Cloud continues to power digital transformation efforts for companies of all sizes across the world. However, as the cost and complexity of cloud deployments continue to multiply, enterprises find it challenging to manage transformation initiatives on their own and to keep abreast of the ever-evolving

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**- Anisha Vinny,  
Senior Industry Analyst**

world of infrastructure, platforms and applications. Managed services providers are becoming an increasingly crucial part of the mix for enterprises as they seek third-party assistance to help them navigate their digital journeys. According to the 2022 Frost & Sullivan Cloud User Survey, 72% of 894 enterprises reported to have engaged a third-party services firm to assist with the strategy, planning, execution and ongoing management of their digital transformation initiatives. This is forecasted to increase to 80% by 2025.

### ***Best-in-class Customer Experience***

Founded in 1989, Silicon-valley based Taos is the cloud advisory and managed services partner of choice for some of the world's most innovative and technologically sophisticated organizations including SpaceX, Netflix, Zoom and Boeing. Recently, Taos has also acquired several customers seeking to recover in the aftermath of Hurricane Ian which struck Florida in September 2022. Taos' consistent corporate focus on the next frontier of emerging technologies is its distinct competitive advantage that helps set it apart from its peers. It preserves this edge through a highly selective and rigorous hiring process trademarked Taos TIV. This dynamic technical interview involves a 2-3 hour assessment to determine gaps in foundational and emerging technologies, evaluation of prior experience across infrastructure competencies, and assessments of troubleshooting ability and critical thinking. The proprietary framework which the company has used for 30 years enables it to recruit the best technologists in the business

Taos' managed services business spans the entire digital transformation lifecycle and offers monitoring and event management, incident management, change management, workload and provisioning services, systems administration, patching and back-up monitoring services among others. Taos is an AWS Advanced Consulting Partner, Azure Gold Partner and a Google Cloud Premier Managed Services Partner. The company's ability to be agnostic in their services and its broad partner ecosystem enables it to stay focused on delivering what is best for the customer. Taos claims that its customers on average get 30% faster provisioning, 40% cost savings and 40% better resiliency. This helps the company boast an 82+ NPS score, an extraordinary feat in the managed cloud services space.

### ***Financial Performance and Growth through Synergies from IBM Acquisition***

In February 2020, Taos was acquired by IBM as part of the company's strategy to fortify its hybrid cloud offering. Over the years, IBM has acquired approximately 12 companies in the managed services space, of which Taos is the largest. These companies will form the backbone of IBM's Platform Engineering Services unit and drive the future of its managed cloud services business globally.

Since the IBM acquisition, Taos has grown its revenues by an impressive 46%. Managed services firms have always played an important role in powering the cloud journeys at enterprises, as they allow the company leadership to stay focused on growing the core business. In the past year, as organizations struggled to retain talent in the midst of the Great Resignation, the need for managed cloud services to offer digital transformation support has only grown. Taos has grown significantly during this period. This can be attributed to the fact that even for cloud-native companies, Taos guarantees at least 30% savings year-over-year in a written contract. This is unusual in the cloud managed services space- even companies that offer outcome-based SLAs are rarely so specific and aggressive in their assurances.

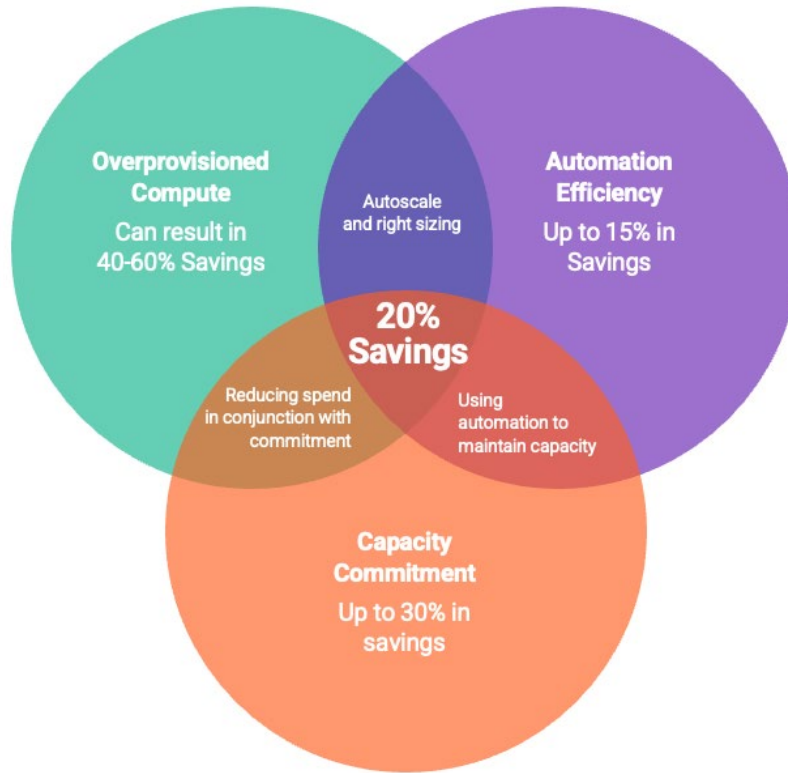


Figure 1: Cloud savings relationships

In addition, the IBM acquisition has also unearthed synergies that has enabled Taos to bring in experts from other parts of the IBM organization in a transaction to more comprehensively address a customer’s needs. As a result, Taos’ average deal size has increased from \$400,000 pre-IBM to \$1,500,000.

### FinOps Competitive Advantage

Many companies have begun lay-offs and instituted hiring freezes as world inches closer to a recession. In this season, enterprises are looking to managed and professional services firms to maintain momentum

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on the very high-priority digital transformation projects that were well underway. This trend is garnering significant interest for best-in-class cloud service providers and Taos has been a beneficiary. In fact, Taos’ professional services are thriving in this environment as the company is contracted to take enterprise IT projects to completion.

Taos’ Cloud Cost Optimization Advisory (CCOA) practice has quickly become the fastest growing portion of its business, growing at well over 150% in 2022. Frost & Sullivan’s recent research on the Cloud Economics market found that Taos’ cloud optimization offering was more sophisticated in comparison to its peers in the

managed services space. Bolstered by the expertise of their engineers, Taos’ initial FinOps assessment utilizes 5 different cloud economics tools under the hood that yield insights about discounts and savings plans, overprovisioned compute and other inefficiencies. Many MSPs address cost optimization needs more opportunistically, utilizing 1-3 tools that inspect a part of the problem, and do not guarantee consistent savings for cloud-native companies. Taos also assesses avenues for automating cost optimization. At the end of this 6-week exercise, Taos provides a list of recommendations for potential cost savings on the organization’s cloud spend bill by at least 30%.

## Inform Assessment Phase Approach

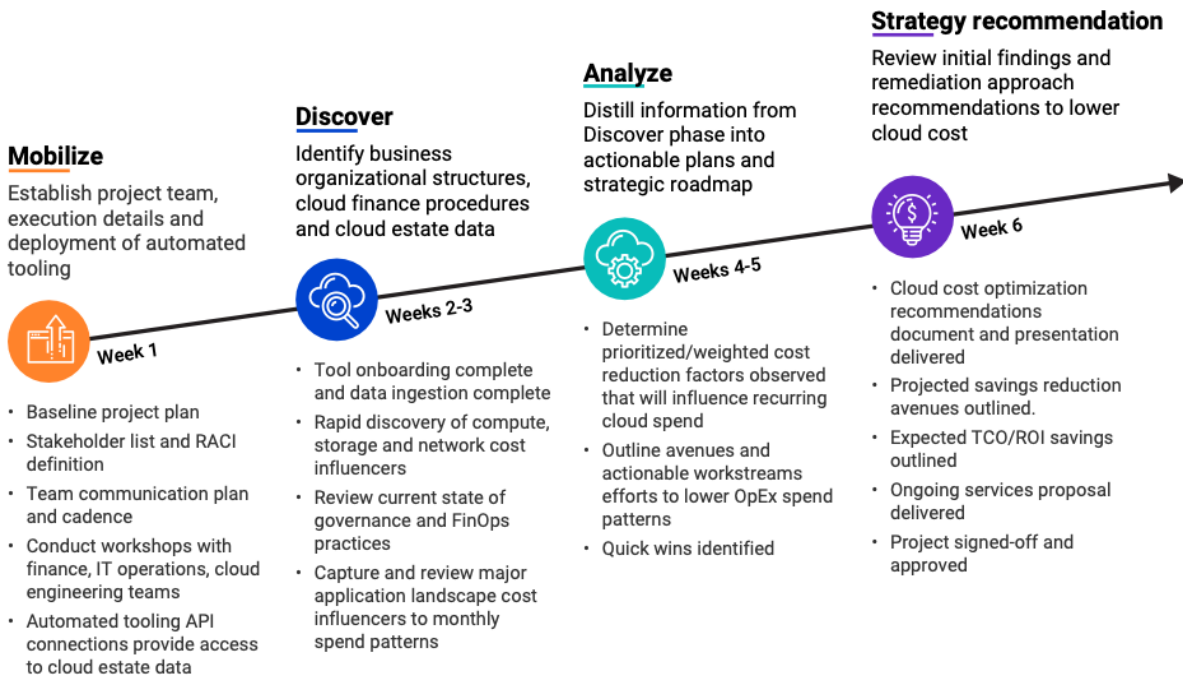


Figure 2: Inform Assessment Phase approach

## Conclusion

Taos has continued to gain impressive momentum over the past 12 months. It has grown 46% in the two years since the IBM acquisition and is expected to form a critical part of IBM’s Platform Engineering services business. Synergies from the IBM acquisition have enabled Taos to participate in broader digital transformation projects, increasing the average deal size. Taos’ emerging technology edge has enabled it to become a partner-of-choice for the most technologically sophisticated companies. In addition, the company’s FinOps practice, growing at 150% YoY, provides another big source of competitive differentiation. With its strong overall performance, Taos earns Frost & Sullivan’s 2022 Global Company of the Year Award in the managed cloud services industry.

## What You Need to Know about the Company of the Year Recognition

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Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

### Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Visionary Innovation & Performance*

**Addressing Unmet Needs:** Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

**Visionary Scenarios Through Mega Trends:**

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

**Leadership Focus:** Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

**Best Practices Implementation:** Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

**Financial Performance:** Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

#### *Customer Impact*

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and high quality

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty



## About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

## The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

