



Everest Group Key Verticals, Value Chain Elements, and Nearshore Delivery Software Product Engineering Services PEAK Matrix® Assessment 2024

Focus on HCLTech

October 2024



Background and introduction of the research

Software, the largest spend area in the product engineering space, continues to keep its upward march alive, albeit at a decelerated pace, primarily due to recessionary headwinds, geopolitical conflicts, talent constraints, and delayed decision-making at enterprises. Amidst the macroeconomic turbulence, certain themes continue to propel the software R&D forward – a shift toward platform-based business model, increased adoption of AI/gen AI-augmented and secure products, a focus on sustainability, and an enhanced emphasis on customer and developer experiences.

This pivot toward these transformative themes, coupled with the current economic scenario, is profoundly changing enterprises' expectations from their service providers. From seeking a provider solely focused on offering engineering talent, enterprises now aspire to engage with strategic partners capable of delivering savings, speed, and innovation concurrently.

In the research, we present an assessment and detailed profiles of 37 engineering services providers featured on the [Key Verticals, Value Chain Elements, and Nearshore Delivery Software Product Engineering Services PEAK Matrix® Assessment 2024](#).

Each provider profile provides a comprehensive picture of its service focus, key Intellectual Property (IP) / solutions, domain investments, and case studies. The assessment is based on Everest Group's annual RFI process for calendar year 2023, interactions with leading software product engineering services providers, client reference checks, and an ongoing analysis of the engineering services market.

The full report includes the profiles of the following 37 leading engineering services providers featured on the Software Product Engineering Services PEAK Matrix:

Accion Labs, ACL Digital, Apexon, Aspire Systems, Bounteous x Accolite, Brillio, Capgemini, Cybage, Daffodil Software, DataArt, Encora, GlobalLogic, Globant, GS Lab | GAVS, Happiest Minds, HARMAN DTS, HCLTech, Incedo, Infogain, Kellton, Mphasis, LTIMindtree, Ness Digital Engineering, N-iX, Persistent Systems, R Systems, Sigma Software, SoftServe, Softtek, SOUTHWORKS, Tech Mahindra, TCS, TO THE NEW, UST, Wipro, Xebia, and Xoriant

Scope of this report

Geography: Global

Providers: 37 leading engineering service providers

Services: Software product engineering services

ISV and internet-specific SPES PEAK Matrix® characteristics

Leaders

Capgemini, GlobalLogic, HCLTech, LTIMindtree, Persistent Systems, TCS, and Wipro

- The Leaders' cohort primarily consists of broad-based IT-heritage engineering service providers that have gained significant enterprise mindshare due to the depth and breadth of their service portfolio, as well as credible investments in building a robust IP suite (across cloud and data engineering, testing, intelligent automation, observability, AIOps, and FinOps)
- These providers have managed to win several large deals due to their end-to-end value chain offerings, availability of skilled talent at scale across shores, high focus toward AI-based technology, and flexibility to engage via emerging commercial constructs. All these have contributed to strong revenue growth
- Leaders boast of a comprehensive partner ecosystem comprising hyperscalers, data and analytics partners, other enterprise technology providers, and academia / open-source communities, which they leverage strategically for co-innovation and joint GTM motions
- Most of these providers are also leveraging novel deal constructs such as product carve-outs and Build-Operate-Transfer (BOT) models to diversify their engagement channels

Major Contenders

ACL Digital, Aspire Systems, Brillio, Cybage, Encora, Happiest Minds, HARMAN DTS, Infogain, Mphasis, Ness Digital Engineering, R Systems, SoftServe, Softek, Tech Mahindra, TO THE NEW, Xebia, and Xoriant

- Major Contenders comprise both IT-heritage firms as well as pure-play engineering service providers
- While these providers have made significant investments in building software product engineering expertise, their service portfolio is not as extensive as that of Leaders (in terms of presence across the value chain and buyer size and geography)
- Some of the Private Equity (PE)-backed providers are leveraging relationships with PE firms to penetrate their portfolio network and expand clientele
- They are also focusing on expanding their delivery presence (especially across nearshore geographies), leveraging partnerships with different ecosystem providers more strategically, and building a comprehensive IP portfolio to up the ante

Aspirants

Accion Labs, Daffodil Software, Incedo, N-iX, Sigma Software, and UST

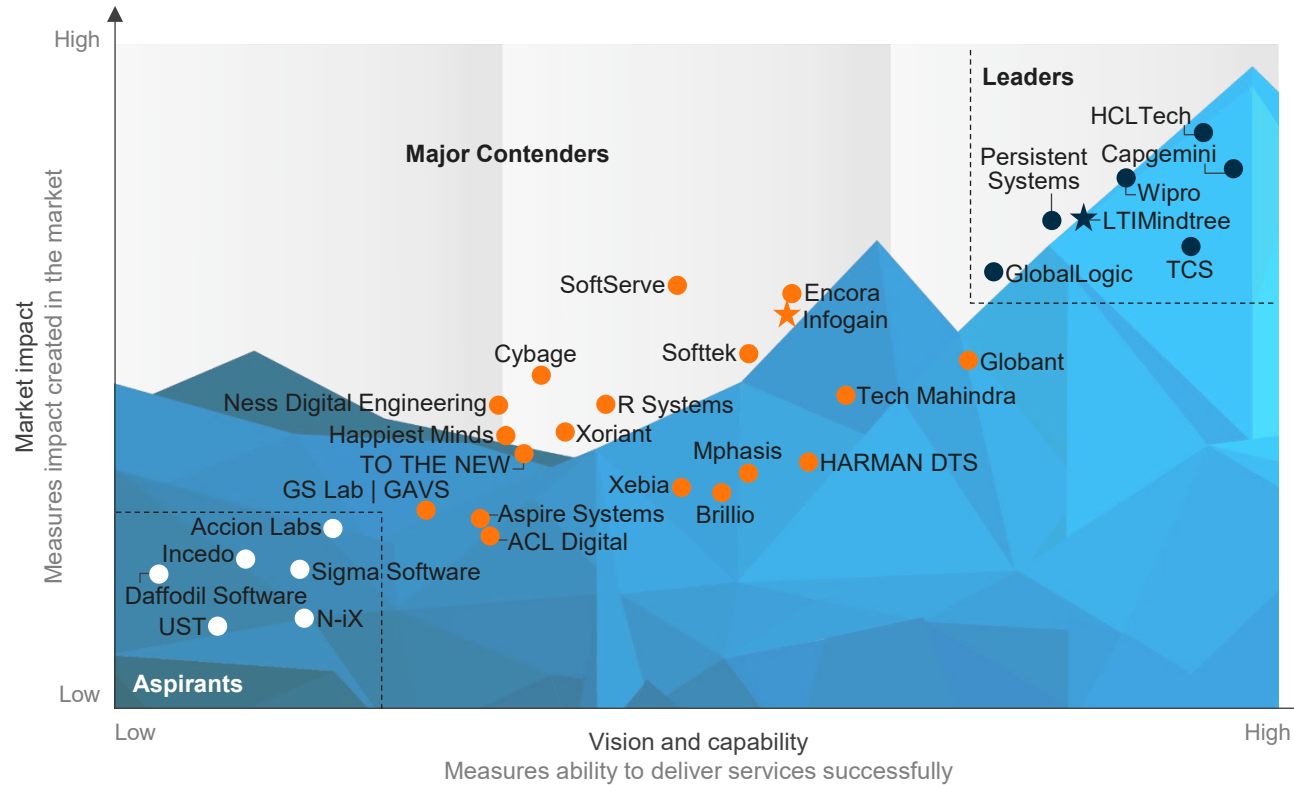
- Although Aspirants are limited by their scale of operations, they are diversifying their customer base and improving service offerings to meet client needs
- These providers are gradually increasing investments in developing IP (around automation, testing, and cloud data engineering) and strengthening their partner network (especially hyperscalers) to augment capabilities and amplify reach

Everest Group PEAK Matrix®

ISV and Internet-specific SPES PEAK Matrix® Assessment 2024 | HCLTech is positioned as a Leader

Everest Group ISV and Internet-specific SPES PEAK Matrix® Assessment 2024¹

- Leaders
- Major Contenders
- Aspirants
- ☆ Star Performers



¹ Analysis of Accion Labs is based on capabilities of e-Zest Solutions prior to the merger
Source: Everest Group (2024)

HCLTech profile (page 1 of 5)

Overview

Vision and strategy

HCLTech envisions becoming an ideal digital transformation partner for its customers by providing expertise in software product engineering encompassing all stages of the software product life cycle. It intends to transform the software engineering space with the advent of emerging technologies such as generative AI, XR(Extended Reality), and 5G, by leveraging its large client base and global presence. HCLTech aims to improve customer satisfaction by improving the success rate in each engagement by providing differentiated offerings and a fast-track Go-To-Market strategy and by utilizing its partner ecosystems.

Software product engineering services revenue and YoY growth rate for ISV and internet (H1 CY2023)

Revenue	<US\$25 million	US\$25-50 million	US\$50-100 million	>US\$100 million
Growth rate	<10%	10-20%	20-30%	>30%

Software product engineering services revenue and YoY growth rate for ISV and internet (CY2022)

Revenue	<US\$50 million	US\$50-100 million	US\$100-200 million	>US\$200 million
Growth rate	<10%	10-20%	20-30%	>30%

FTE split by region (as of H1 CY2023)

● Onshore ● Nearshore ● Offshore

Software product engineering services revenue mix (CY 2022)

● Low (<10%) ● Medium (10-30%) ● High (>30%)

By geography

● North America ● United Kingdom ● Europe
 ● India ● Rest of Asia Pacific ● Rest of the World

By value chain elements

● Development ● Operations ● Management

By buyer size

● Small (annual client revenue <US\$1 billion) ● Midsize (annual client revenue US\$1-5 billion) ● Large (annual client revenue US\$5-10 billion)
 ● Very large (annual client revenue US\$10-20 billion) ● Mega (annual client revenue >US\$20 billion)

HCLTech profile (page 2 of 5)

Case studies

CASE STUDY 1

Helped a European technology enterprise by providing localization services

Business challenge

The client was looking for a technology partner to develop a solution that could help with legal product management in a specific country and offer all the required support services.

Solution and impact

HCLTech developed a solution by incorporating legal changes for delivered localization services, delivered maintenance services for existing country versions, provided support services, and offered user assistance. This resulted in reducing cost impact for the client by at least 50% and helped in reducing its R&D spend by 25%.

CASE STUDY 2

Helped a US-based technology enterprise to integrate chatbot with client applications and third-party applications.

Business challenge

The client sought a technology partner to assist in the integration of a chatbot with its applications and various third-party applications. It required close collaboration with the client team, while ensuring a rapid ramp-up of resources and providing cost-effective solutions to meet project timelines.

Solution and impact

HCLTech built a strong pipeline of resources in Mexico with expertise in client-related products and established a dedicated nearshore development center in Mexico City. By focusing on employee engagement, local leadership, and WFH flexibility, HCLTech achieved zero attrition over three years, delivering seamless integration with client applications and ensuring scalable, cost-effective support.

HCLTech profile (page 3 of 5)

Solutions

[NOT EXHAUSTIVE]

Proprietary solutions (representative list)

Solutions	Details
AION	A ML-based platform that provides customers with the capacity to build prototypes to solve business problems.
AI Force	A dynamic suite of generative AI-powered solutions that provides intelligence across engineering workflows.
GRAVITON	A connected data platform built on data lakehouse architecture, serving as a comprehensive solution for automating the entire data engineering lifecycle.
PANGEA	A distributed analytics workbench designed for enterprise-wide deployment that provides an end-to-end platform for faster and more accurate business insights.
Cloud Bridge Suite	A suite of independent solution accelerators built on agile, DevOps, and low-code/no-code principles that helps customers drive end-to-end cloud transformation.
XTERN	A comprehensive service delivery platform that enables enterprises to unlock the full potential of extended reality.
Optics	A cloud cost optimization solution that leverages an advanced recommendation rule engine to help enterprises in cost saving up to 25% in cloud services spend.
PICASSO	A platform that enhances capabilities in developing and implementing digital service platforms and a connected ecosystem of assets.
PLATFORM – X	A platform that enables brands to improve consumer loyalty and drive conversions through personalized omnichannel marketing.
NIO	A net-zero intelligence solution that provides enterprise-wide management of energy and GHG emissions, helping organizations enhance sustainability while improving cost and energy efficiency.

HCLTech profile (page 4 of 5)

Investments and partnerships

[NOT EXHAUSTIVE]

Key alliances and partnerships (representative list)

Partner name	Details
Adobe	A partnership that boosts creativity and enhances technology capabilities to provide digital experiences and improve analytical capabilities
AWS	A partnership that offers a dedicated AWS business unit to help enterprises accelerate their cloud transformation journey
Google Cloud Platform (GCP)	A partnership to help customers experience the speed, scalability, and innovation that GCP offers
IBM	An alliance to deliver digital application modernization, integrated application infrastructure autonomics and orchestration, and mainframe transformation to customers
Intel	A partnership that enhances expertise in continuous modernization to help enterprises accelerate their cloud business transformation journey and help build focused, innovative, and industry-tailored solutions for clients
Microsoft	A strategic partnership that helps enterprises leverage generative AI and develop joint solutions to improve outcomes and enhance business transformation
VMWare	A partnership to drive innovation, enable cloud infrastructure and business mobility, and accelerate the digital transformation journey of the customers
Tableau	A partnership to enable actionable data-driven business insights for enterprises across various verticals and geographies
SAP	A strategic services partnership to enable complex SAP transformation programs

Recent software product engineering services investments/acquisitions (representative list)

Investment/target	Details
Starschema	Acquisition to enhance capability in data engineering and increase presence in the European region
Lab/CoE	Investments in setting up 100+ engineering labs and 20+ CoEs to enhance capabilities across AI/ML, AR, VR, and generative AI










HCLTech profile (page 5 of 5)

Everest Group assessment – Leader

Measure of capability:  Low  High

Market impact

Vision and capability

Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
								

Strengths

- HCLTech has achieved remarkable revenue growth, particularly in the ISV and internet vertical, driven by multiple new deal wins. It's emphasis on strengthening existing client relationships has significantly increased the Annual Contract Value (ACV) of it's deals
- HCLTech has a robust partner ecosystem comprising hyperscalers, data and analytics providers, other enterprise technology providers (automation, low-code/no-code, and cybersecurity), and academia
- The firm actively leverages emerging deal constructs such as product carve-outs (especially with ISV and internet clients) and makes significant use of innovative pricing models such as revenue sharing, risk-reward, and outcome-based pricing
- Clients appreciate HCLTech for its technical expertise, investments in talent upskilling, and proactive use of AI/ML-based solutions to drive operational efficiencies

Limitations

- While HCLTech has made efforts in the past to strengthen its nearshore delivery footprint, it can further elevate its presence in emerging locations such as LATAM and Central and Eastern Europe to offer client proximity at cost-effective prices
- Clients expect HCLTech to consistently update them on the progress of assigned resources, conduct strategic-level meetings with more frequent communication on project KPIs, and actively address attrition, despite recent improvements in retention

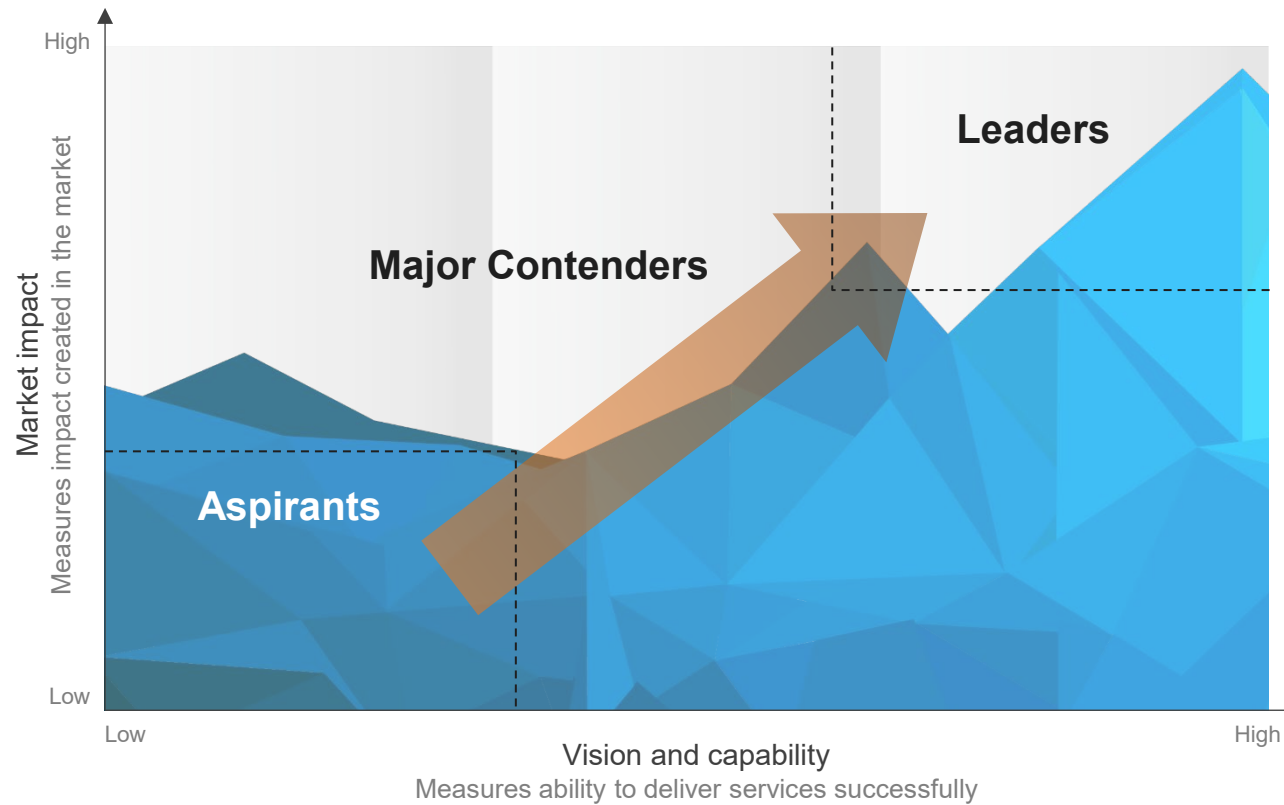
Appendix

PEAK Matrix® framework

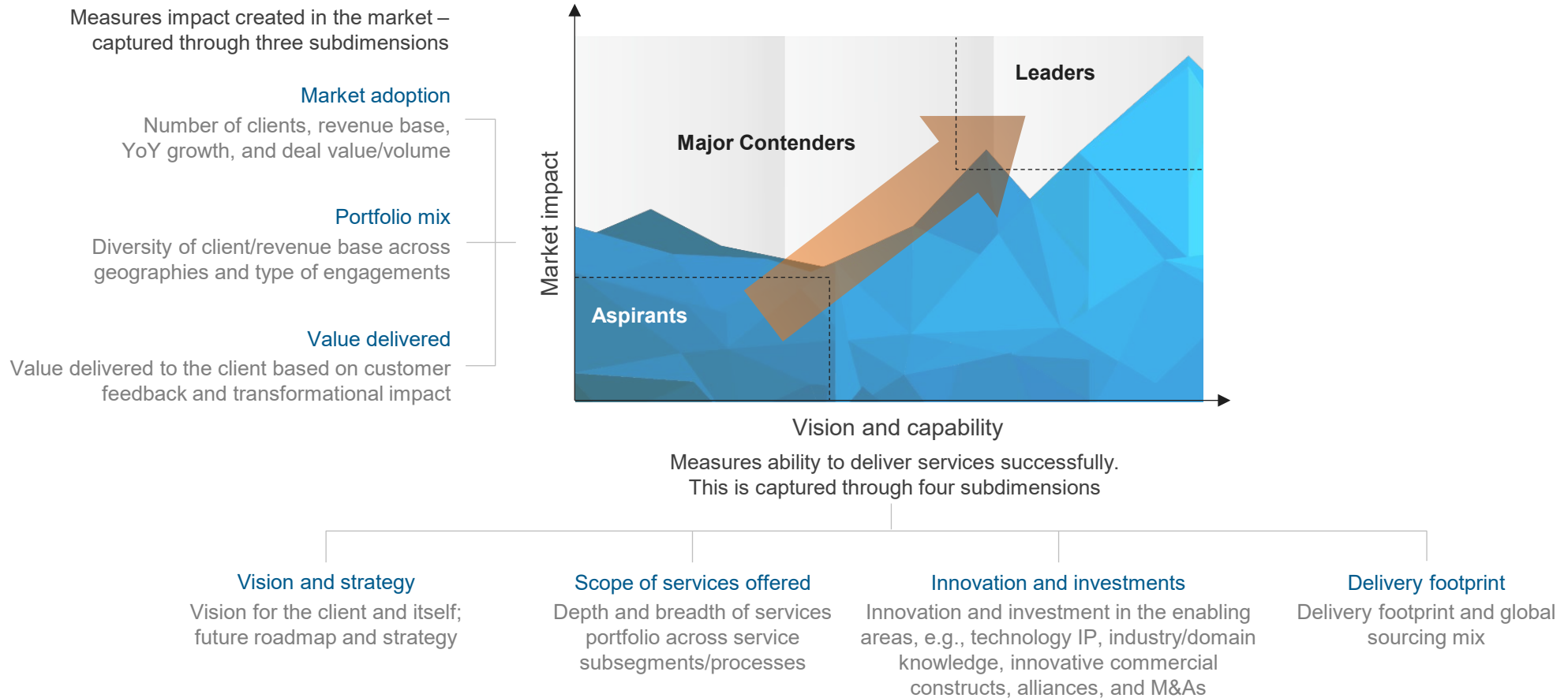
FAQs

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision and capability

Everest Group PEAK Matrix



Services PEAK Matrix® evaluation dimensions



FAQs

Q: Does the PEAK Matrix® assessment incorporate any subjective criteria?

A: Everest Group's PEAK Matrix assessment takes an unbiased and fact-based approach that leverages provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information. In addition, we validate/fine-tune these results based on our market experience, buyer interaction, and provider/vendor briefings.

Q: Is being a Major Contender or Aspirant on the PEAK Matrix, an unfavorable outcome?

A: No. The PEAK Matrix highlights and positions only the best-in-class providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

Q: What other aspects of the PEAK Matrix assessment are relevant to buyers and providers other than the PEAK Matrix positioning?

A: A PEAK Matrix positioning is only one aspect of Everest Group's overall assessment. In addition to assigning a Leader, Major Contender, or Aspirant label, Everest Group highlights the distinctive capabilities and unique attributes of all the providers assessed on the PEAK Matrix. The detailed metric-level assessment and associated commentary are helpful for buyers in selecting providers/vendors for their specific requirements. They also help providers/vendors demonstrate their strengths in specific areas.

Q: What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?

A: Enterprise participants receive summary of key findings from the PEAK Matrix assessment

- For providers
 - The RFI process is a vital way to help us keep current on capabilities; it forms the basis for our database – without participation, it is difficult to effectively match capabilities to buyer inquiries
 - In addition, it helps the provider/vendor organization gain brand visibility through being included in our research reports

Q: What is the process for a provider / technology vendor to leverage its PEAK Matrix positioning?

A: Providers/vendors can use their PEAK Matrix positioning or Star Performer rating in multiple ways including:

- Issue a press release declaring positioning; see our citation policies
- Purchase a customized PEAK Matrix profile for circulation with clients, prospects, etc. The package includes the profile as well as quotes from Everest Group analysts, which can be used in PR
- Use PEAK Matrix badges for branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with Everest Group; please contact your CD or contact us

Q: Does the PEAK Matrix evaluation criteria change over a period of time?

A: PEAK Matrix assessments are designed to serve enterprises' current and future needs. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality and to serve enterprises' future expectations.

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