IDC MARKETSCAPE

IDC MarketScape: Worldwide SAP Implementation Services Ecosystem 2014 Vendor Assessment

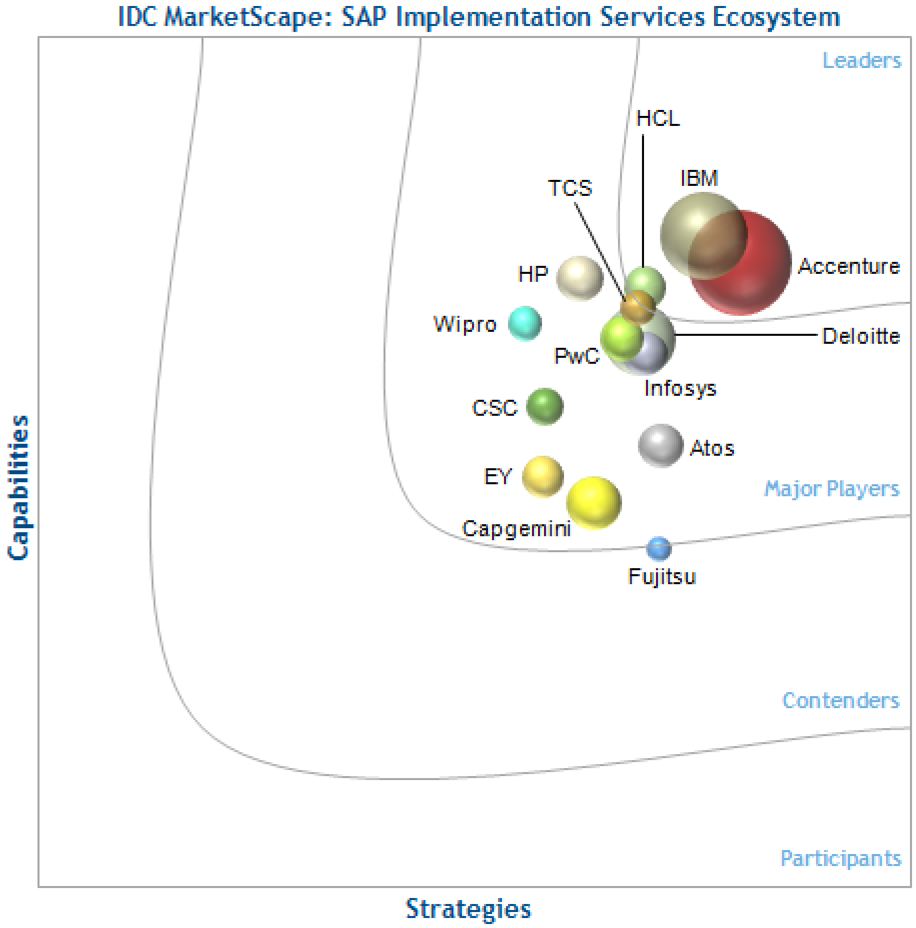
Ali Zaidi Gard Little

THIS IDC MARKETSCAPE EXCERPT FEATURES: HCL

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SAP Implementation Services Ecosystem Vendor Assessment



Source: IDC, 2014

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide SAP Implementation Services Ecosystem 2014 Vendor Assessment (Doc # 248305). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1 and Figure 2.

IDC OPINION

The SAP implementation services market has evolved in four ways since IDC's last evaluation (see *IDC MarketScape: Worldwide SAP Implementation Ecosystem 2012 Vendor Analysis,* IDC #235682, July 2012). Because the SAP implementation services market has evolved in the following four areas, the basis of comparison has changed over time. Therefore, IDC believes it's important to remember this evolution when comparing the absolute position of any single vendor between this IDC MarketScape and IDC's previous two vendor evaluations on SAP implementation services:

- SAP HANA continues the transformation of SAP from being just an enterprise applications company to being an IT platform play, and implementation services vendors are following suit with an extended suite of services, including updates to database server and storage architectures and datacenter hardware. This transformation builds on SAP's earlier acquisitions in mobile (Sybase and Syclo) and cloud (SuccessFactors and Ariba).
- Implementation service vendors are defining more industry-specific and cloud-based SAP solutions and are extending the IT project-based implementation services offered to clients to include business consulting, hosting, support, and maintenance. This is a logical progression for implementation services providers – based on SAP's 4Q13 results, cloud now accounts for nearly 5% of SAP's overall software and support revenue but over half of the company's growth, and SAP is targeting cloud revenue to have an even larger role in the future. This will be a critical progression too if the ratio of services to software, which used to be as high as 10:1 in a SAP implementation project, moves closer to a 1:1 ratio in the future — thus the focus on industry-specific IT and business services to support customers' business transformations.
- SAP has put a renewed focus on customer experience and digital marketing with the development of Fiori (for an improved user interface and experience of SAP applications) and the acquisition of hybris. SAP is a late mover in the area of digital marketing and the related area of customer experience management, but services vendors may be able to use SAP hybris to leapfrog the competition. Adobe is another ecosystem partner in this area, and the recent announcement by SAP that it will resell Adobe's marketing suite will give implementation service providers more direction related to providing associated implementation services.

- Intellectual property development, which covers a wide range of items from legally protected assets to know-how embedded into SAP-specific methods and tools, has become the mantra to avoid the perception of commoditization for traditional SAP implementation services, which still represents the majority of what buyers purchase. Likewise, many more vendors have embedded themselves with SAP's research and development (R&D) and innovation resources to differentiate along all of the areas discussed above.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of the 14 largest SAP applications systems integrators with broad portfolios spanning IDC's research coverage and with global scale. This assessment is designed to evaluate the characteristics of each firm — as opposed to its size or the breadth of its services. Given this approach, Lockheed Martin has been excluded even though it is among the top 5 systems integrators based on the worldwide revenue because the firm typically receives 85% of its revenue from the U.S. government. The inclusion criteria also dictates at least $250 million revenue coming from a vendor's SAP implementation services practice at a worldwide level as well as a minimum of 2,000 SAP implementation-associated global resources; furthermore, at least 10% of revenue and 10% of head count need to be located in each macroregion. In addition, it is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for an engagement.

ESSENTIAL BUYER GUIDANCE

- **Vendor selection.** Use this IDC MarketScape in contract negotiations and as a tool to not only short-list vendors for SAP implementation consulting service bids but also evaluate vendors' proposals and oral presentations.
- **Breadth of services portfolio.** The breadth and depth of services offered are strong for the majority of systems integrators in this analysis. Make sure you understand where these players are truly differentiated and take advantage of their expertise, industry based or otherwise.
- **Functional and industry expertise.** Select services partners for your SAP implementation engagements that have strong functional knowledge and business acumen within your industry. Successful organizations carried out SAP implementation engagements by partnering with SAP systems integrators and consultants with strong functional insights and competence. At the same time, these external partners consistently managed project goals and met the project timeline. While it's important to value industry-specific SAP implementation qualifications and professional staff higher from prospective vendors, do not automatically rule out prospective service providers that lack experience in your industry. For each scope of work, consider how critical industry experience is for each set of business processes relative to the SAP implementation work proposed. The truth is there are still a lot of commonalities across industries for certain business processes, so make sure to match a vendor's deep industry experience with your business processes or operations where it will matter the most.

- **Beyond cost efficiencies.** As with other ERP platforms, cost efficiencies should be part of your strategy but not the only strategy for your SAP platform. Improving platform utilization and further integration of existing services via increased use of asset utilization, ease of implementation (both time and customization), and offshore usage can lead to internal cost savings. Do not overlook the advantages that many global players can offer. Some of their cost benefits could be transferred to you.

VENDOR SUMMARY PROFILES

HCL

According to IDC analysis and buyer perception, HCL is a Leader in this worldwide IDC MarketScape.

With significant delivery capability in 31 countries and employing over 8,000 consultants, HCL is one of the most mature global SAP service providers. HCL's capabilities cover the full life cycle of services including business case development; application design, build, and deployment; change management; transformation; and benefits delivery. HCL is one of the first services partners to embed formal benefits realization methodology into SAP program delivery. HCL works with clients to deploy solutions with tangible business benefits, enabled through a comprehensive set of processes including identifying business benefits and converting these benefits into quantifiable financial gains as well as ensuring decisions made during implementation is aligned with business benefits identified. Recognizing that the SAP world is changing, HCL has invested massively in new SAP technology sets and has significant referenceability here. HCL has significant capabilities across new products and solutions within the SAP stable such as HANA, Syclo, Fiori, SuccessFactors, hybris, and Ariba.

HCL's core SAP propositions include:

- Business digitalization — deploying SAP technology to deliver radically transformed business processes and proposition
- IT digitization — deploying new SAP products to increase IT agility and optimize channels of customer engagement
- Cost reduction including instance consolidation and simplification
- Global application design and deployment where our industrialized approach to global rollout significantly reduced both risk and cost
- Applications management services where we focus on minimizing spend on incident management and systems administration and instead focus upon value generation and true support of business processes
- Factory services including development, testing, UX, and mobile applications

HCL has a particular focus and strength in aerospace and defense, high tech and manufacturing, utilities and energy, travel and transportation, retail and CPG, and life sciences, and it serves clients of all sizes, with preconfigured solutions for the midmarket and global resources for the largest of clients. HCL is also able to bring in SAP-based products to client engagements, complementing the core SAP software. HCL has developed several solutions, one of which is iMRO, a SAP-endorsed, upgrade-compatible industry solution add-on for the SAP ERP application.

HCL has significant offshore delivery capability in India, Malaysia, Puerto Rico, and Poland. Also recognizing that local resources are required to deliver successful SAP projects, approximately 40% of HCL's resources are local and in-country.

Strengths

According to IDC's 2014 *Global SAP Implementation Services Buyer Perception Survey,* clients highlighted HCL to be most strong in the following areas:

- Provide technical insights and competence
- Meet the project timeline
- Provide functional insights and competence

Opportunities

According to IDC's 2014 *Global SAP Implementation Services Buyer Perception Survey,* HCL can further enhance its position in future SAP implementation services IDC MarketScape documents by improving its client perception in the following areas:

- Delivering innovation for clients' solutions
- Presence of local offices and local resources
- Providing a full spectrum of SAP services (consulting, outsourcing, hosting, and support services)

Challenges

Based on HCL's future strategy for SAP implementation services, IDC believes HCL's top 2 challenges are:

- Marketing strategy, including how any SAP-specific marketing events are related to customer needs
- Growth strategy, including how organic and inorganic growth of the SAP practice will benefit SAP's clients

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

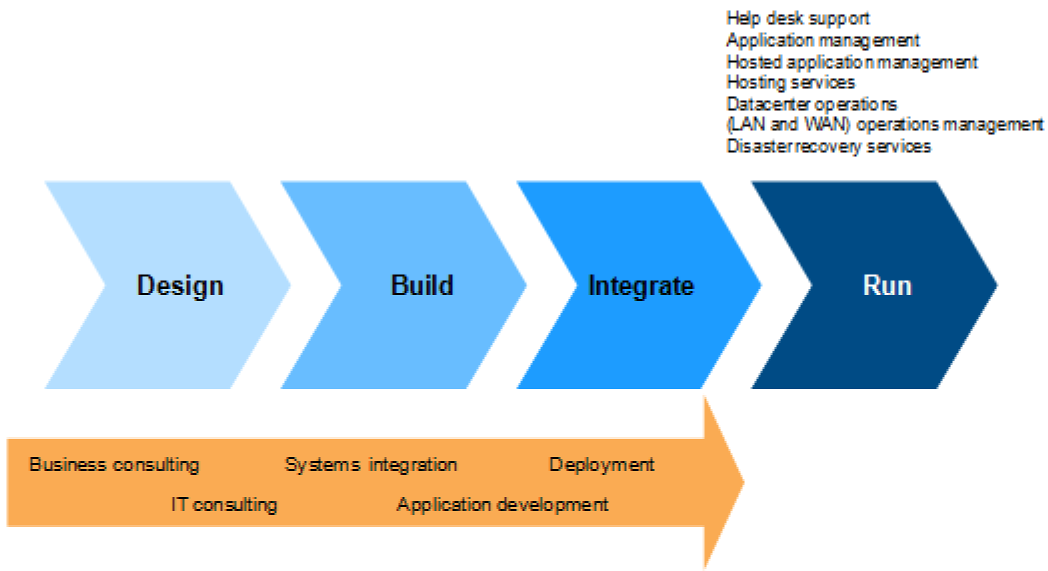
Note: All numbers in this document may not be exact due to rounding.

Market Definition

The SAP implementation services market covers the design, build, and integrate functions of the design-build-run function chain (see Figure 2). The design phase includes both IT and business consulting. For a detailed definition of the services markets illustrated in Figure 2, see *IDC's Worldwide Services Taxonomy, 2014* (IDC #247379, March 2014).

FIGURE 2

IDC's Design-Build-Run Function Chain



Source: IDC, 2014

LEARN MORE

Related Research

- *SAP Delivers in 2013 with Its Cloud and On-Premise Portfolio* (IDC #lcUS24641614, January 2014)
- *Worldwide and U.S. IT Consulting 2013-2017 Forecast Update* (IDC #244861, December 2013)
- *Worldwide and U.S. Systems Integration Services 2013-2017 Forecast Update* (IDC #244857, December 2013)
- *Market Analysis Perspective: Worldwide and U.S. IT Consulting and Systems Integration, 2013* (IDC #244838, December 2013)
- *Worldwide and U.S. Systems Integration Services 2012 Vendor Shares: IDC's Top 10 Vendors for 2012* (IDC #242430, July 2013)
- *Worldwide and U.S. IT Consulting 2012 Vendor Shares: IDC's Top 10 Vendors for 2012* (IDC #242426, July 2013)
- *SAPPHIRE NOW 2013 and Beyond: Reshaping SAP's Team for Development and Delivery* (IDC #241406, June 2013)

- *IDC MarketScape: Worldwide SAP Implementation Ecosystem 2012 Vendor Analysis* (IDC #235682, July 2012)
- *IDC MarketScape: SAP Implementation Ecosystem 2009 Vendor Analysis* (IDC #223353, May 2010)

Synopsis

This IDC study represents a vendor assessment of the SAP-based systems integration services ecosystem through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the SAP implementation services ecosystem. This IDC MarketScape covers a variety of vendors participating in the SAP implementation services ecosystem space. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and one another and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"The SAP implementation services market has evolved in four critical areas since our last evaluation in 2012, namely the development of SAP HANA as a platform, more industry-specific and cloud-based SAP solutions, a new focus on customer experience and digital marketing, and an emphasis on intellectual property including Rapid Deployment Solutions," says Ali Zaidi, senior analyst, IT Consulting and Systems Integration Business Strategies at IDC. "We are pleased that 14 vendors have been evaluated this cycle, up from 12 in our last SAP implementation services IDC MarketScape, because it shows our expansion in coverage of the largest vendors in the market," says Gard Little, research director, IT Consulting and Systems Integration Business Strategies at IDC.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1000 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For more than 48 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-insights-community.com
www.idc.com