HfS Blueprint Report

Digital Technology Strategy and Consultancy Services 2017

Excerpt for Wipro

August 2017

Jamie Snowdon
Chief Data Officer
jamie.snowdon@hfsresearch.com

Phil Fersht
Chief Executive Officer & Chief Analyst
phil.fersht@hfsresearch.com

Ollie O'Donoghue
Senior Analyst
ollie@hfsresearch.com

Table of Contents

Executive Summary

Introduction to the HfS Blueprint Report:
Digital Technology Strategy and Consultancy Services

- The 2017 HfS Digital Technology Strategy and Consultancy Services Blueprint Report provides a market overview and evaluation of the largest providers of digital technology strategy and consultancy services. It focuses on the buyer needs of organizations with more than $1 billion revenue.

- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets in two main categories, innovation and execution.

- This Blueprint Report looks at the innovation and execution capabilities of 22 service providers in detail.

How do we define Digital Technology Strategy and Consultancy services?

- Digital IT professional services include two main subgroups: consulting and deployment and implementation services.

- **Digital IT Consulting Services:** These are advisory services that aim to provide organizations with plans and strategies on the most effective way to use technology in support of their overriding business and organizational objectives. Services include benchmarking and needs assessment, IT process improvement, IT design, IT support planning, and IT strategy planning.

- **Deployment and Implementation Services:** These services include the release, installation and activation, and integration of custom software or a software package.

Market Overview

Challenges Facing IT Departments

- The rise of consumer IT and telecommunications, seeded by the Internet and driven by the introduction of smart phones and tablets, has had a dramatic impact on attitudes toward IT, where business executives expect the same quality of IT experience in the workplace that they get in their personal lives.

- There can be little argument that the future of IT services is tied to the impact of digital technologies (social, mobility, analytics, and cloud. Even the most skeptical observers contend that digital is, at least, an important step forward, even if the details (and definition) of exactly how it will manifest are not yet clear.

- The whole ethos behind the digital movement is linked to the use of technology to help clients transform their business models. This is rubbing off on service providers that want to use this technology themselves to raise the value of their customer relationships by bringing them closer to their customers.

- The quality of service delivery has improved over the last 10 years, driven in no small way by the rise of the offshore-centric providers, whose willingness to go the extra mile to ensure client satisfaction while driving down the cost of delivery has improved the service experience considerably. In part, the discipline required to manage an offshore delivery business entails that processes have to be standardized and evolved to make it functional.

- These forces have changed clients expectations and attitudes toward IT forever and IT services provider need to take a different approach to managing their customer relationships to keep adding value. The next slide shows the change new as-a-service attitudes are having to traditional IT Services, shifting the service mindset from "can't do" toward a "can do" attitude.
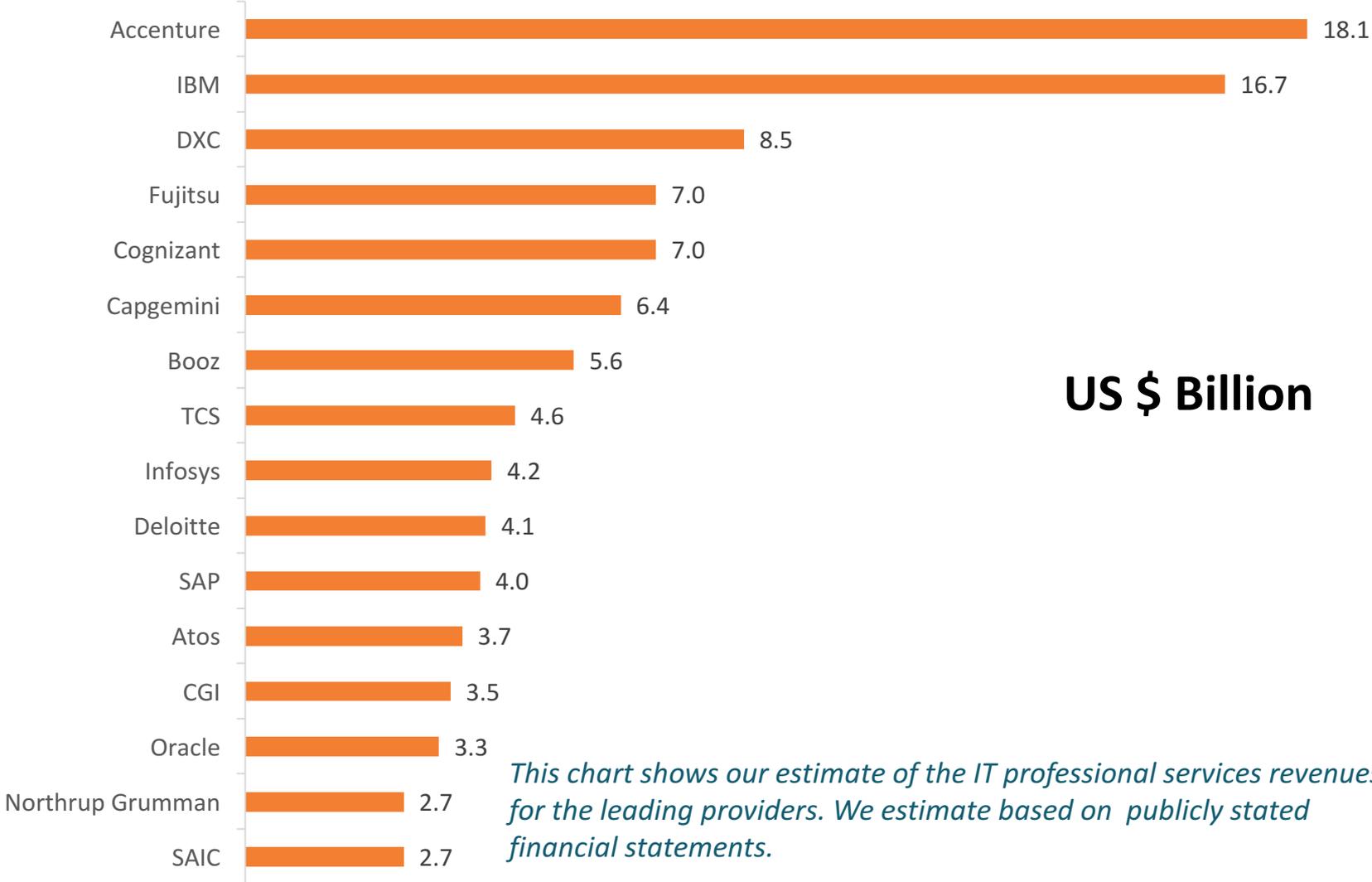
Challenges Facing IT Departments

- **CIOs are looking for:**

  - **The main barrier to providing digital to customers is speed of operations:** CIOs want to make IT more focused on the customer, which will entice internal lines of business (LoB).

  - **Focus shifted away from operate to build:** Day-to-day IT needs to be more secure and more manageable.

  - **Help determining future operating model:** They seek a model that has flexibility to cope with massive changes in demand but is cheaper and easier to change and adapt.

  - **Employing the cloud:** They want to know how to incorporate cloud and broad software defined data-center approaches to IT.

  - **Help taking business impactful technology to business:** Keep using mobility, analytics, and cloud; increasingly use automation, cognitive, and IoT.

  - **Transparency:** IT needs transparency of both the costs that make up services and the way services are delivered. A black box approach to outsourcing is no longer valid given competition from SaaS and cloud providers direct to Lines of Business (LoB).

  - **Credibility:** They are wrestling back credibility (and control) from lines of business.

  - **Brokers of capability:** CIO and IT department need help to become broker of capability, at least for technology.

  - **Measurable success:** IT departments expect business outcomes when buying application services.

  - **Testing tools:** They need ways to manage increasingly large and complex testing environments.

IT Professional Services Market Commentary

- Professional services benefits from open ended nature of some digital engagements

- Service buyers are moving away from buying discrete services to more end-to-end digital transformation that comprises of analytics, cloud, IoT, Security and automation.

- These services need well coordinated strategies and accurate planning for successful implementation, hence a new ecosystem of service providers is emerging, where large IT service providers are aiming to be a one-stop shops for their clients through brokerage services or partnership agreements with niche providers.

- Large providers which formerly cornered the market with proprietary technology are starting to champion vendor agnosticism in a bid to offer clients impartial, best-in-class IT services.

- Automation moving beyond the identification of repetitive human tasks within an IT or business process. Now, enterprises look to automate their basic functions at the starting point.

- The client engagements start with a particular business challenge that requires a tailor made solution. This results in an increase in consultancy-led engagements and Design Thinking mindset.

# Leading Service Providers IT Professional Services – Estimated Global Revenue

Provider	Revenue (US $ Billion)
Accenture	18.1
IBM	16.7
DXC	8.5
Fujitsu	7.0
Cognizant	7.0
Capgemini	6.4
Booz	5.6
TCS	4.6
Infosys	4.2
Deloitte	4.1
SAP	4.0
Atos	3.7
CGI	3.5
Oracle	3.3
Northrup Grumman	2.7
SAIC	2.7

US $ Billion

This chart shows our estimate of the IT professional services revenues for the leading providers. We estimate based on publicly stated financial statements.

IT Professional Services: Digital / As-a-Service Enablement Global 2016-2021 ($B)
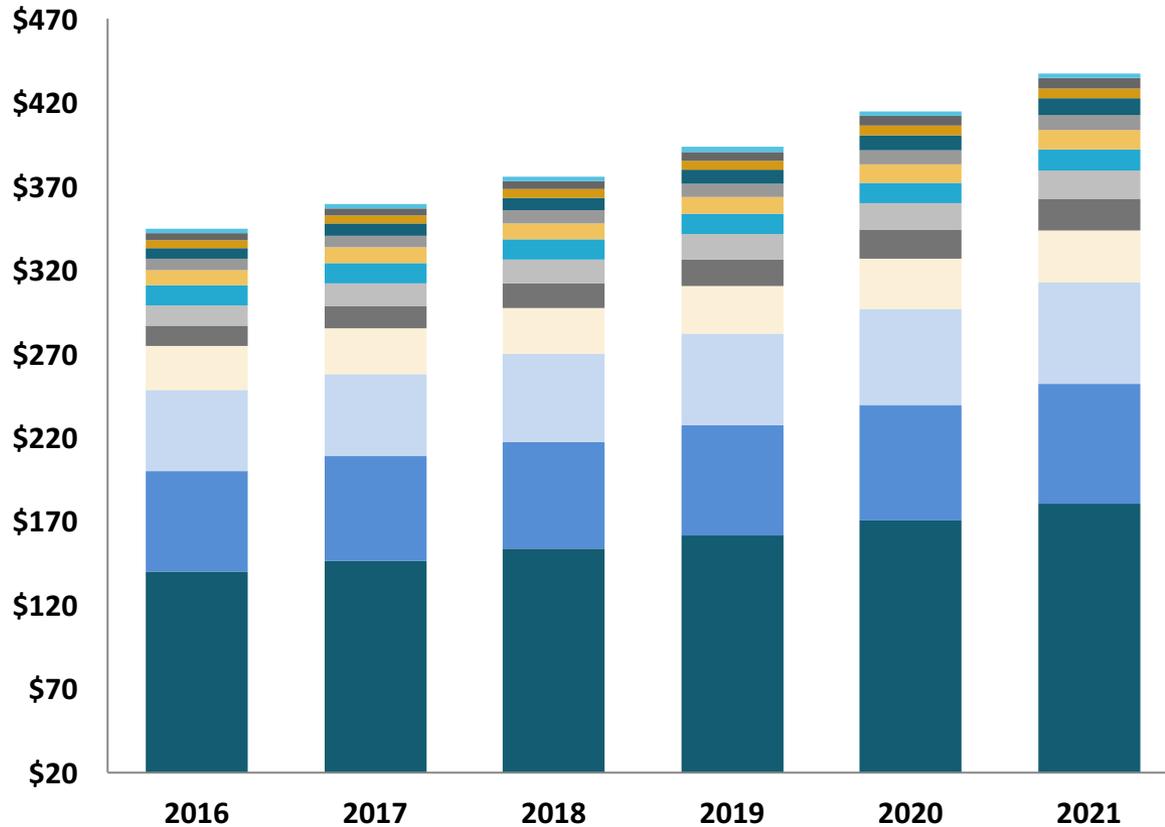
US $ Billions
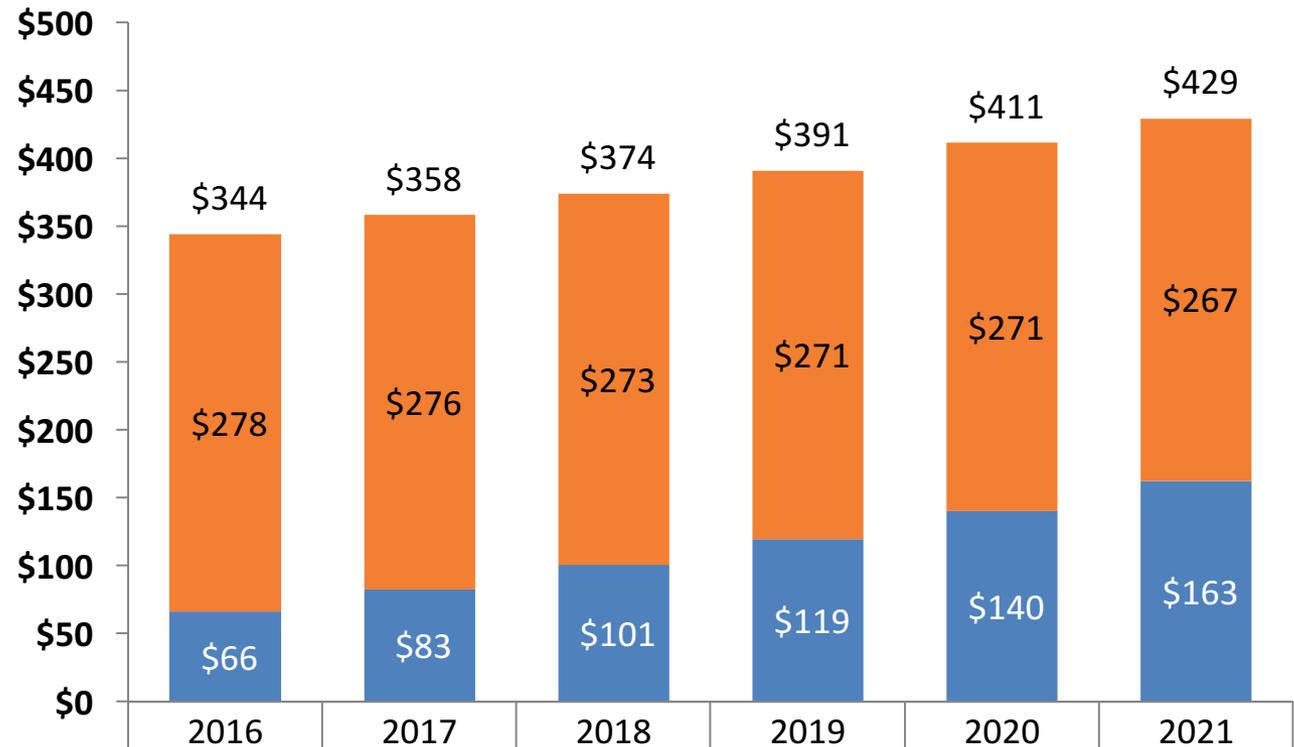
	2016	2017	2018	2019	2020	2021
Traditional IT Professional Services	$278	$276	$273	$271	$271	$267
Digital Professional Services	$66	$83	$101	$119	$140	$163
Total IT Professional Services	$344	$358	$374	$391	$411	$429

Traditional Makes Way for Digital

■ A notable trend detailed throughout this report is the concerted shift from traditional IT professional services to those focused on digital. The graph on the previous page emphasizes this shift across the provider community, with reductions in revenues associated with traditional professional services, while digital-focused engagements increase significantly, taking the lion's share of total revenue growth, and eroding traditional revenues.

■ Revenue predictions indicate this market shift will only become more pronounced as clients secure services geared towards supporting them in realizing their digital ambitions. It's understandable, therefore, that one of the key trends pulled out in this report is the concerted shift from the provider community to stake a claim in the digital technology strategy and consultancy space – including large consultancy firms that have formerly focused on traditional business engagements such as tax and audit.

IT Professional Services Market by Region 2017-2021 ($B)

US $ Billions

Year axis	
$470	
$420	
$370	
$320	
$270	
$220	
$170	
$120	
$70	
$20	

Years: 2016, 2017, 2018, 2019, 2020, 2021

CAGR

Region	CAGR
Rest of Europe	7.4%
India	5.3%
Eastern Europe	8.0%
China	7.6%
ANZ	6.2%
MEA	5.9%
Southern Europe	5.9%
LATAM	8.6%
Rest of APexJ	4.1%
UK	4.5%
Japan	3.9%
Western Europe	5.9%
North America	5.9%

Global IT Professional Services Revenues on the Rise

- IT professional services remain in critical demand across the globe, with strong growth in all major markets and geographies. As clients and businesses grapple with an often complex and confusing digital technology and strategy landscape, the demand for consultancy talent to contextualize client businesses and the outcomes they want to achieve with the broader digital landscape are growing.

- Understandably, this economic growth brings with it increased demand for consultancy talent – a topic discussed throughout this report. Across the globe, more emphasis is placed on professional services in the provider community, with a view to support the implementation of the right services and solutions to meet business goals. This, combined with the broader IT Services market growth, is placing a higher value on key skills and talent.

Major Market Changes 2016-2017

- The past 12 months have witnessed significant change in the IT services space, with mergers and acquisitions altering the landscape considerably. A list drawn up in early 2016 – such as HfS' annual Top 25 IT Services Companies – would have included four large firms that have since reduced to two in 2017. HPE and CSC have merged to form DXC, a firm now with considerable scale and reach in the IT Services space. Additionally, NTT Data finalised the acquisition of Dell Services to similarly broaden its reach, scale, and depth in the space.

- Consolidation at the higher end of the market, led by these two large deals, has changed the game for a lot of providers. Many are now actively leveraging the talent, resources, and access of key acquisitions to shore up their IT Services offerings.

- In the digital technology strategy and consultancy space, multiple providers are making significant investments in start-ups and developed businesses either through incubation or acquisition, bringing in consultancy talent alongside supplementary skill sets such as design to support both traditional and digital professional services. As the growth of digital increases, setting aside large portions of firms' traditional IT professional services, we can expect to see more heated merger and acquisition activity as firms strive to bring on the best and brightest to drive services forward.

Major Market Changes 2016-2017

- This market activity is no doubt based on the increased value placed on consultancy services in general as a cornerstone of the wider changes in engagements models across IT Services. In the companion Blueprint reports – examining application development and management, infrastructure and enterprise cloud, and overall IT Services – it becomes increasingly clear that consultancy services are being used by more providers as the initial approach to engagement. With a view to gauge and understand the business challenges to be solved and the particular outcomes to which the client organisation is aiming.

- For many providers, this approach is more focused than others, with some key players advising they will not undertake engagements without the clear understanding of what needs to be achieved that only preliminary consultancy investigation can provide.

- This shift to place emphasis on professional services has led to some interesting merger and acquisition activity in the IT Services space – notably the large mergers described on the previous page. But also some focused acquisition activity to shore up providers talent and coverage across the digital technology space. In a market where the ability to engage with client organizations with a credible professional services wing, identifying valuable partners and acquisition opportunities is key to staying on top.

Technology Is Key, but Must Be in a Business Context

- In the modern world, technology is key to the success of many businesses. Embracing digital transformation and deploying technologies that make customer engagements frictionless and maintain employee activities at their most productive level is critical if firms are to remain competitive.

- Historically, this understanding has led businesses to procure and implement services and technologies in a way that is haphazard and potentially damaging, running to the latest shiny object and leaving other opportunities unexplored. Encouragingly, however, approaches are starting to change, and with them so are the value that digital technology strategy and consultancy services bring to the party.

- Technology remains an important piece of the modern business puzzle, but organisations are only going to find where it fits by understanding technologies in a business context, both generally and to suit their particular business conditions. As clients refocus their attention on use cases that build value into their technology stack, the call for advisors and experts increases. Providers that are able to offer these valuable resources will undoubtedly find their services in high demand.

- Furthermore, technology is now so central to the modern business that other forms of advisory and consultancy are finding themselves increasing dragged into the digital and technological field, which is no doubt a contributing factor in the pivot of many of the traditional consultancy into the digital field.

Consultancy Leads Overall IT Engagements

- A trend that cropped up in all of the IT Services Blueprint reports is the increased importance placed on consultancy as a lead into engagements. The drive is primarily based on providers developing a better understanding of a client's business challenges and where their services and solutions can be deployed to offer the most value.

- While the outcome of this shift in engagements has, in many cases, led to increased satisfaction from clients – many of the comments captured in client references reflected how providers were starting to really understand their challenges – it can also have a negative affect for some. Multiple firms have advised they now turn down engagements where, after initial consultancy engagement, it's not clear what the client requires or the nature of the problem to be solved is not apparent.

- This drive toward a more selective approach shows no sign of slowing down and will have an interesting impact on the resources and talent dedicated to consultancy services in the provider community. We can expect consultancy headcount, resources, and investment to increase over the next few years as the consultant-led approach embeds across the industry.

- The trend, however, is somewhat immature and the potential side-effects are only beginning to come into view. A key issues may be the availability of future resources to meet demand – a trend discussed in more detail later. But what is clear is that the potential in the digital technology strategy and consultancy services space is considerable to those with the capacity and approach to leverage it.

War for Best Consultancy Talent Heats Up

- Building a network of global professionals that can support client companies across the digital technology spectrum is no easy undertaking. This challenge is compounded by two large factors – in a sea of multiple others. The first is the swift pace of change in the digital technology space – new tools and technologies enter the space as fast as others become obsolete. Keeping abreast with the changes is one thing, but keeping talent sharp and at the cutting edge requires innovative training and development programs, which many of the firms studied in this report are working tirelessly to flesh out.

- The second is the scale of the demand versus the potential supply. As multiple vendors seek to bring on the best skillsets and talent, the potential resource pool is placed under considerable strain, which is more pronounced when particular skillsets and geographies are focused on more than other areas. To combat this, firms are employing two approaches: to become the most attractive employer to pull in the necessary talent or to acquire it through acquisition and merger activity. In the second case, M&A activity for some of the large providers in this space has heated up over the last four years, particularly when bringing in consultancy talent.

- The challenges are clear for many of the providers who provided candid insights for this study. The technology-based firms are rethinking how they attract talent in an attempt to bring in more business focused skillsets. Meanwhile, the traditional firms are adapting their recruitment narratives to bring in digitally-focused candidates. Each firm faces a different talent challenge, but ultimately it boils down to the firms with the best talent will become the most successful in the space.

Traditional Consultancy Firms Pivot Toward Digital

- The broader consultancy ecosystem is as large as it is diverse; some of the largest consultancy firms are in the middle. Many of these firms have characteristically focused on traditional consultancy services, such as tax and audit, rather than the rich digital consultancy space that is now developing. However, there are indications that for several firms this will no longer be the case. Multiple traditionally focused consultancy firms are pivoting their model to attract clients seeking support in realising their digital ambitions.

- This presents some considerable challenges, both to the traditional firms and those already grappling for market share. First, for the traditional firms there is the challenge of side-stepping reputation and perception. Clients may struggle to identify a firm with a pedigree in tax consultancy as a viable partner for their digital technology strategy challenges. Second, many of the traditional firms do not have the developed intellectual property and proprietary technologies some of their rivals in the space do. On one side of the coin, this may limit the firms credibility in the space as they are unable to leverage established technical skillsets. On the other, it allows the firms a degree of freedom when recommending solutions and services that counterparts who have invested in proprietary technologies are less able to enjoy.

- From a broader market perspective, these firms are encroaching on an already busy provider ecosystem that is unlikely to be viewed positively by incumbents. Nevertheless, the large traditional firms have a considerable client base, which provides a safe community for the firm to pitch and upsell digital technology strategy and consultancy services.

Research Methodology

Research Methodology

Data Summary

- Data collected in Q1 and Q2 2017 covered services buyers, service providers, and advisors/influencers of IT and Digital Services

These HfS Blueprints are based on:

- **Tales from the Trenches:** Interviews are being conducted with buyers who have evaluated service providers and experienced their services. Some are supplied by service providers, but many interviews are conducted with HfS subscribers and a focused exercise to interview 300 IT services decision makers across the Global 2000 Enterprises
- **Sell-Side Executive Briefings:** Structured discussions with service providers are intended to collect data necessary to evaluate their innovation, execution and market share, and deal counts.
- **HfS "State of Outsourcing" Survey:** The industry's largest quantitative survey, conducted with the support of KPMG, covering the views, intentions, and dynamics of 1,000 buyers, providers, and influencers of outsourcing.
- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral were evaluated.

Service providers included:

Key Factors Driving the HfS Blueprint

Evaluation Criteria	Criteria Weighting

Two major factors:
 	
• **Execution** represents service providers' ability to deliver services. It includes:
  – Solutions in the real world
  – Quality of customer relationships
  – Market share
 	
• **Innovation** represents service providers' ability to improve services. It includes:
  – Concrete plans to deliver value beyond cost
  – Experience delivering industry-specific solutions
  – Partnership strategy
  – Investment in proprietary technologies
	Criteria are weighed by crowdsourcing weightings from the five groups that matter most:
	
	• Enterprise Buyers [$5B+] (20%)
	• Buyers (20%)
	• Service Providers (30%)
	• HfS Research Analysts Team (20%)
	• Advisors, Consultants, and Industry Stakeholders (10%)
	
	Weightings were adjusted for this report based on outcome from HfS' January 2017 State of Operations Survey and our March 2017 State of IT Services Survey

Digital Technology Strategy and Consultancy Focus and Weighting

This blueprint examines the broad Digital Technology Strategy and Consultancy services market, focusing on ability to provide quality end-to-end and point solutions across a range of consultancy offerings, with a clear strategy to drive business performance through IT.

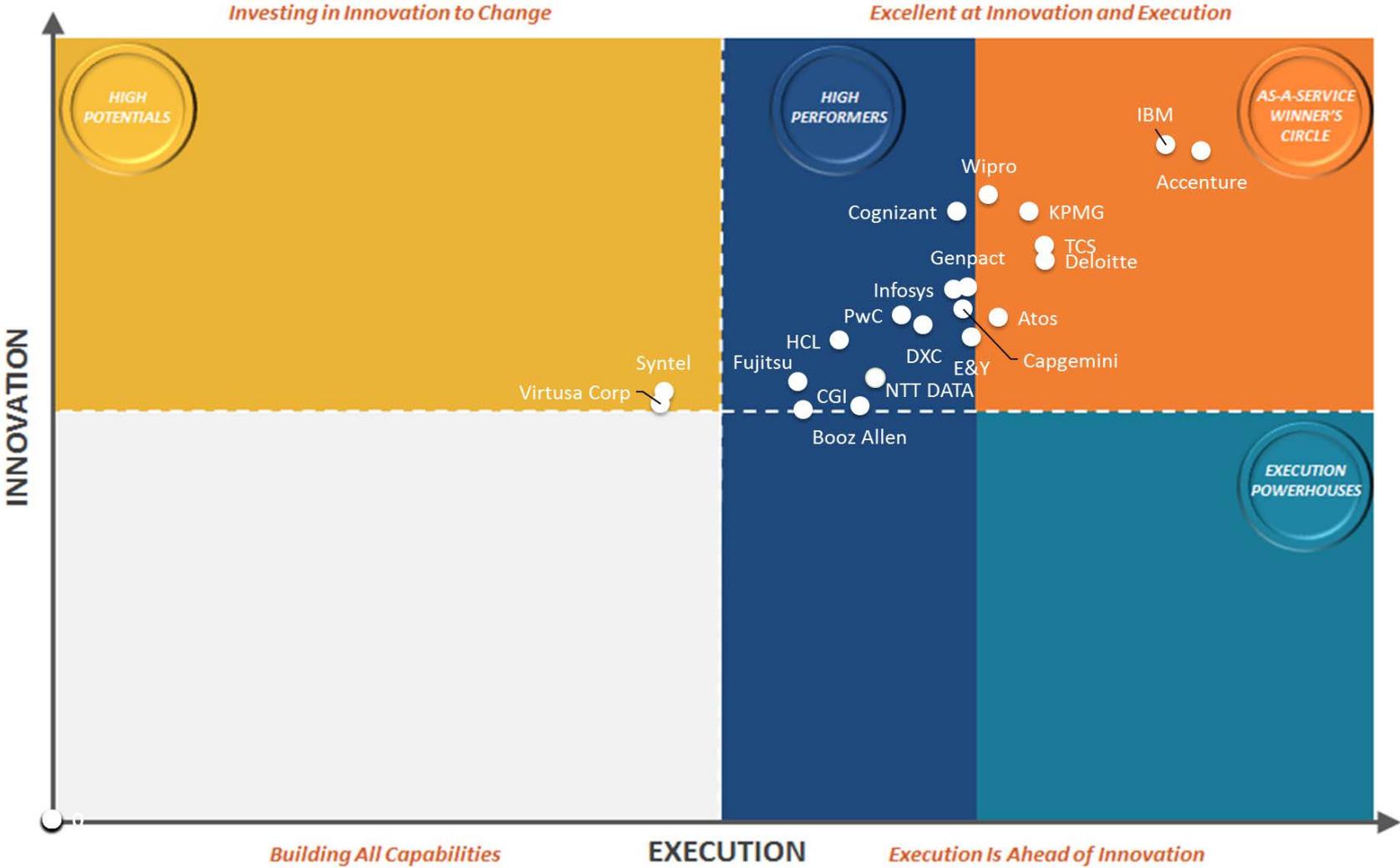| EXECUTION	100%
Perceived quality of consulting service	25%
Breadth of Consulting Offerings	20%
Flexibility to Deliver Both End-to-End Solutions and Point Solutions	10%
Industry Specific Solutions	10%
Client Retention / customer care	10%
Geographic Footprint & Scale	10%
IP / Reusable Assets	5%
Benchmarking Data	5%
Methodologies	5%
INNOVATION	100%
Perceived View of Consulting Innovation	25%
Strategy to Drive Business Performanace Through IT	25%
Thought Leadership	20%
Innovation in Commercial Models to help Clients Write Off Legacy	10%
Investment in Proprietary Tools, Accelerators and Solutions	10%
Plans for use of Automation	10%

Service Provider Analysis

Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the As-a-Service Economy of business outcome-oriented, on-demand, talent + technology services, HfS awards these providers the As-a-Service Winner's Circle designation.

	Execution	Innovation
As-a-Service Winner's Circle shows excellence recognized by clients in the Eight Ideals in both execution and innovation	Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements.	Articulates vision and a "new way of thinking," has recognizable investments in future capabilities and strong client feedback, and is driving new insights and models.
High Performers demonstrate strong capabilities yet lack an innovative vision or momentum in execution against the vision	Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with "green lights," and flexibility when meeting clients' needs.	Typically, describe a vision and plans to invest in future capabilities and partnerships for as-a-service and illustrate an ability to leverage digital technologies or develop new insights with clients.
High Potentials demonstrate vision and strategy but have yet to gain momentum in the execution of it	Early results and proof points from examples in new service areas or innovative service models, yet lack scale, broad impact, and momentum in the capability under review.	Well-plotted strategy and thought leadership, showcased use of newer technologies or roadmap, and talent development plans.
Execution Powerhouses demonstrate solid, reliable execution, but have yet to show significant innovation or vision	Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.	Less evident vision and investment in future-oriented capability, such as skills development, "intelligent operations," or digital technologies.

HfS **BLUEPRINT REPORTS**

HfS Blueprint Grid: Digital Technology Strategy and Consultancy 2017

INNOVATION

EXECUTION

Investing in Innovation to Change

Excellent at Innovation and Execution

Building All Capabilities

Execution Is Ahead of Innovation

HIGH POTENTIALS

HIGH PERFORMERS

AS-A-SERVICE WINNER'S CIRCLE

EXECUTION POWERHOUSES

IBM
Accenture
Wipro
Cognizant
KPMG
Genpact
TCS
Deloitte
Infosys
PwC
Atos
HCL
DXC
Capgemini
Fujitsu
Syntel
E&Y
Virtusa Corp
CGI
NTT DATA
Booz Allen

Major Service Provider Dynamics: Highlights

Execution

- **Account management:** Account management remains a crucial success factor for all providers, with most seeking to leverage technical and business expertise alongside traditional account management models.

- **Partnership networks develop:** Firms seeking to offer clients best-in-class services are broadening and deepening strategic partnerships to accommodate clients outside of direct provider offering. Many firms are focused on providing vendor agnostic digital technology strategy and consultancy services, and are seeking to enhance their partnership networks to support the delivery of solutions.

- **Consultancy-led engagements:** As firms seek to tailor services and solutions to specific business challenges, engagements take a more strategic approach. A large number of firms now seek to establish the parameters of engagements through consultancy before any services are deployed. This has placed added pressure on the professional services breadth and coverage of some service providers, with many seeking to acquire firms to enhance current offerings.

- **Market consolidation:** There have been several large mergers and acquisitions in the IT services space over the past 12 months. Four of the top 10 providers have merged into two, alongside some considerable acquisitions to bolster the execution capabilities of firms.

Innovation

- **Thought leadership:** Increasingly, service providers are seeking to prove their capabilities and ability to innovate through thought leadership. This has allowed for some vendors to build a perception of deep business and industry expertise.

- **Commitment to research:** Many of the firms scoring highly in the innovation criteria have invested in their research capabilities to support the delivery of cutting edge services. Several have well developed research and intelligence arms that feed innovations and improvements back into their business as well as towards their clients. For many providers, research forms part of their consultancy offerings, delivering insight to support the upskilling of talent and the design of new solutions and services.

- **Investment in innovation:** Firms are now committing significant resources to discover and develop new innovations. Investments range from large scale R&D labs and initiatives to incubation hubs for high-potential start-ups.

- **Incubation of start-ups:** More firms recognize that the route to some innovations is through incubating or supporting start-ups and then leveraging them to produce solutions for clients.

Major Service Provider Dynamics: Highlights

Execution	Innovation
• **Talent recruitment and retention:** Firms are awaking to the new global economy in which talent is more selective of potential employers and comes into the workplace with different expectations. In this environment, recruiting and retaining staff is challenging with some firms finding it harder than others to attract individuals with the skills and experience they need to drive their consultancy services forward.	• **Concerted drive toward Design Thinking:** Broadly speaking, firms and clients alike now recognize the value design thinking practices bring to service and solutions. As a result there is a noticeable trend across many providers of bringing in key skills, capabilities, and talent through acquisition and improved talent attraction and retention practices.
• **Keeping pace with technological change:** Technology is changing at a break neck pace which is presenting challenges to firms operating in the space. Clients engage with digital technology strategy and consultancy services to leverage the knowledge and experience of consultants and specialists. However these too have to keep up with technological change and develop expertise in emerging trends. To keep pace, firms are developing innovative reskilling and training programs to support service professionals.	• **Automation at the center of improvement roadmap:** Almost all firms described how automation technologies would be the driving force for future offerings, enabling firms to pass efficiencies and cost-savings on to clients.
	• **Methodologies and frameworks used to validate quality:** An increased number of vendors are using methodologies and frameworks to improve services and validate quality to win new client deals.
• **Standalone and independent consultancy business:** Multiple firms have developed or separated their consultancy business to ensure services and solutions are independent and impartial. This may be a crucial step for some firms to avoid potential conflicts with other areas of the business. Nevertheless, many have successfully integrated consultancy across their IT Services to support and supplement their business.	• **Innovations in analytics support engagements:** Increasingly firms are pulling in innovative analytics capabilities to support and validate consultancy engagements. Undoubtedly, clients are pushing for data-driven decision making, with the expectation that this takes place both internally and in externally procured services.

Major Service Provider Dynamics: Highlights

Execution

- **Industry and vertical focused solutions:** Firms are moving to build depth of knowledge in particular industries and verticals to tailor services and solutions to meet client needs, exemplifying a shift in mindset for providers that are no longer approaching services exclusively on a one-size-fits-all model.

- **Broadening coverage areas:** A notable trend across providers covered in this research is the broadening range of digital technology strategy coverage areas. Understandably, as digital technologies expand with emerging technologies and approaches revealed at an accelerated pace, providers are keen to build consultancy services that cover them.

- **Automation and analytics specialism:** arguably some of the most widely covered areas in the digital space are automation and analytics, with the majority of providers covering them. For some firms, delivering consultancy services in this space and, indeed, marketing them is easier than for others with a heritage of providing automation and analytic services. However this space is no longer the exclusive realm of firms with proprietary technologies.

Innovation

- **Co-innovation practices:** More providers are seeking to leverage the value of their client partnership to develop innovative solutions that can then be industrialized and repeated. This is seen most readily in specific industries where providers will partner with a particular client to design a solution, which is then developed and replicated for other clients in the same industry.

- **Flexible engagement:** Many firms are not simply innovating across service, but also realize the importance of adapting engagement models to meet client expectations. Some firms have taken this to the next level through the development of flexible engagement models that support their digital mindset. However, other firms sitting in the traditional camp are struggling to shift internally to replicate the type of transformational activity they support clients achieving.

Service Provider Profile

Wipro
Winner's Circle

Firm with extensive technical experience and increasing design capabilities

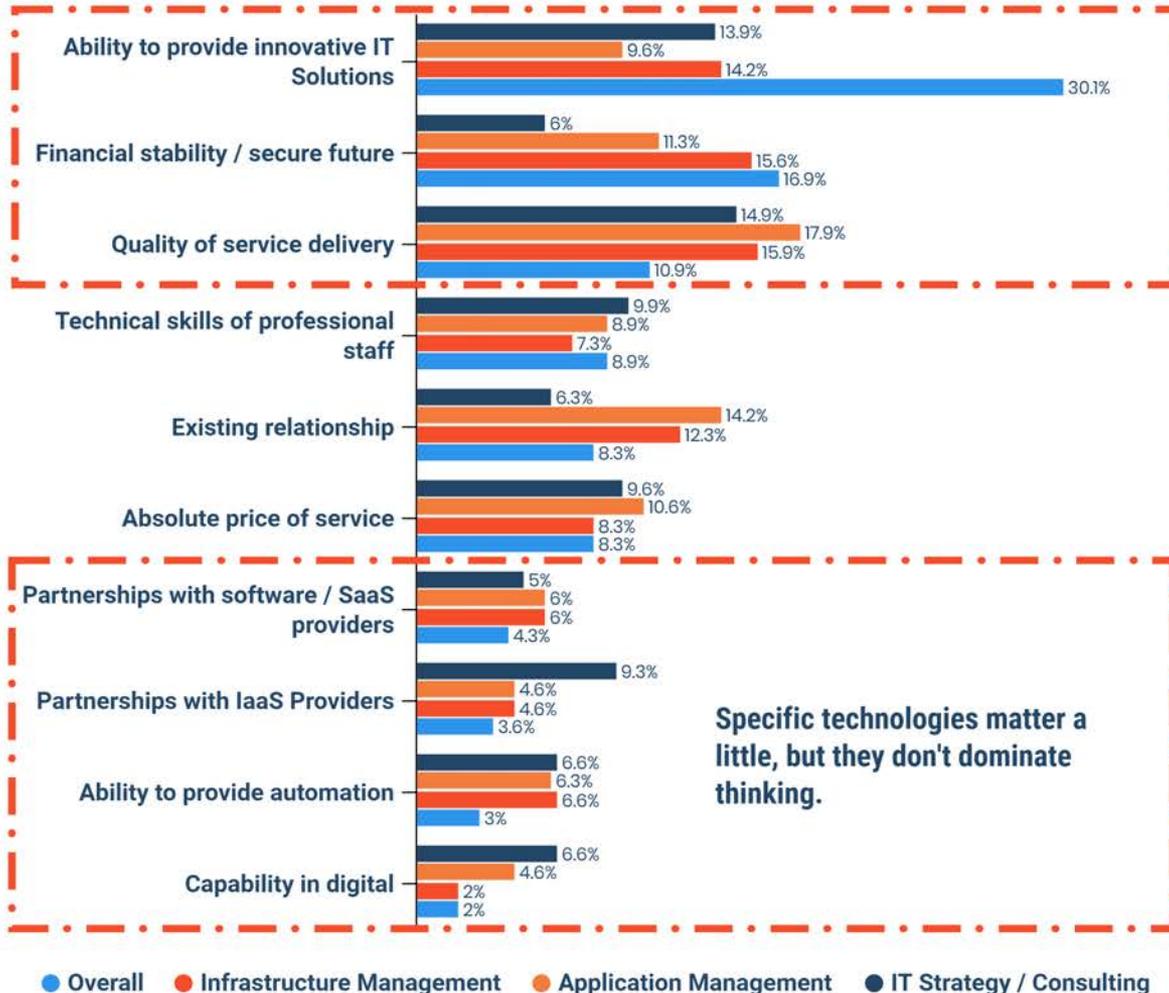| Blueprint Leading Highlights	Strengths	Challenges
- Key acquisition builds the firms design capabilities - Global delivery model, with broad reach - Engagements focused on customer first - Broad consultancy service coverage - Extensive technical experience across IT services	**Customer first approach:** Wipro models its consultancy engagements on a customer first approach, seeking to identify the root of a business challenge before recommending or implementing a solution. **Acquisition of key talent and capabilities:** The firm has made some key strategic acquisitions to support capabilities, notably the acquisition of Designit has brought in valuable design capabilities, experience and talent. The firm is building upon this acquisition to blend the skillsets across its digital consultancy offerings. **Wipro HOLMES:** The firm's cognitive technology platform, HOLMES, supports consultancy engagements by providing algorithmic intelligence and cognitive computing with an objective to enhance user experience and increase operational efficiency and effectiveness for enterprises, across their infrastructure management, applications, and key business processes, and further accelerate their digital journey. **Wipro Ventures acquisition fund:** The firm has a developed a well funded unit which identifies high potential start ups and leverages Wipro's global reach and market knowledge to accelerate the growth.	**Competition:** Wipro has a solid foundation to expand its operations in the digital strategy and consultancy space, supported by a wealth of technical expertise. However, the firm may find competing with some of the better recognized consultancy firms challenging. Nevertheless, some traditional consultancy firms are struggling to pitch their brand in the market, which will provide ample room for firms like Wipro to develop and evolve their brand. **Strong narrative needs to be backed by activity:** The firm has a strong narrative supported by a compelling vision and mission for the digital strategy landscape. However, the firm needs to push more success stories and case studies out to the market to develop and solidify its reputation in the space.

Relevant Acquisitions / Partnerships	Client Profile	Service Delivery Operations	Core Coverage Areas
Acquisitions since 2014: - Appirio (2016) - TopCoder - HealthPlan - Infoserver - Cellent (2015) - Designit (2015) - ATCO (2014) **Partnerships:** **Digital:** Altizon; Thingworx; Wireless Logic; Mobile Iron; Kony; Experitest **Cloud:** Cloudvelox; Cumulocity; Amazon; Cloudera**;** **Analytics:** IBM Analytics; Google Analytics; SAS; Informatica **SM:** appOrbit; Biz2credit; DataStarx; ScaleArc; Oracle **Automation:** Xebialabs, Automation Anywhere, Blueprism, Workfusion, UI Path **Finance:** Blackline (R2R tool); Trintech (R2R Tool) **Supplychain:** Coupa (Procurement) **Process Simplification**: Fluxion (Process Mining Tool); Software AG (Aris)	Wipro's consulting unit offering encompasses deep domain consulting capabilities across all of its industry verticals, as well as a breadth of business and technology consulting service lines, with a global delivery model and local consulting delivery capability. This includes consulting in healthcare and life sciences; energy and utilities; banking, financial services and insurance; consumer; communications; manufacturing and technology; automation advisory; business simplification (operations and finance, supply chain, customer value management); IT modernization; technology business management; agile transformation and devops; organization change management; talent transformation; business application services; global infrastructure services; digital marketing; and analytics.	Total consultancy employees: 21,000 Wipro works at the client site, and also has a number of digital strategy consulting, design and technology delivery locations both on-shore, near-shore, and offshore. These locations are in the US, Canada, Mexico, UK, Europe, and India, and include the following cities: Aarhus; Barcelona; Copenhagen; London; Madrid; Medellin; Mexico City; Munich; New York; Oslo; Stockholm; Tel Aviv; Tokyo; Bangalore; Mountain View; Dublin; Sydney.	Wipro offers a broad range of digital transformation and business strategy and consultancy services including: - Business strategy and transformation services - Technology transformation consulting - Digital design related consulting services - Business application and enterprise architecture consulting - Industry-specific domain consulting services - Social technologies - Cloud applications - Mobility - IoT - Analytics and big data - AI and hyperautomation advisory services

Recommendations

Service Provider Selection

We asked IT decision makers to pick their most important selection criteria for choosing an external service provider for IT Services generally, and specifically when choosing an infrastructure management, application management and consulting/IT strategy provider. The chart shows the difference between these main groups - displaying the proportion of buyers selecting each option for each type of provider.

Ability to provide innovative IT Solutions
- 13.9%
- 9.6%
- 14.2%
- 30.1%

Financial stability / secure future
- 6%
- 11.3%
- 15.6%
- 16.9%

Quality of service delivery
- 14.9%
- 17.9%
- 15.9%
- 10.9%

Technical skills of professional staff
- 9.9%
- 8.9%
- 7.3%
- 8.9%

Existing relationship
- 6.3%
- 14.2%
- 12.3%
- 8.3%

Absolute price of service
- 9.6%
- 10.6%
- 8.3%
- 8.3%

Partnerships with software / SaaS providers
- 5%
- 6%
- 6%
- 4.3%

Partnerships with IaaS Providers
- 9.3%
- 4.6%
- 4.6%
- 3.6%

Ability to provide automation
- 6.6%
- 6.3%
- 6.6%
- 3%

Capability in digital
- 6.6%
- 4.6%
- 2%
- 2%

Specific technologies matter a little, but they don't dominate thinking.

● Overall ● Infrastructure Management ● Application Management ● IT Strategy / Consulting

Overall buyers are looking for Innovation, financial stability, quality of service. Consulting buyers care more about quality and skills (as well as innovation) - prior engagements much less important for consulting.

Buyers are starting to care less about the technology that drives the innovation - at least as dominate factors driving selection – with cloud technology the leading technology demand for consulting firms.

HfS BLUEPRINT REPORTS

Service Provider Selection

- **Why this service provider?** The top reasons clients we spoke to selected their service provider were:

  - **Coverage Areas:** Clients were keen to bring in consultancy services from providers with a broad coverage area that would enable them to take a holistic approach to solutions and services.

  - **Understanding of industry and locality:** Clients were keen to engage with providers who had articulated clear examples and successes in their particular industry or geography. In some instances, knowledge of the business and vertical were more important than broader coverage areas.

  - **Scale and Capacity:** Clients were keen to engage with providers that had delivery capabilities in the key business locations. This was particularly the case with larger global firms who are keen to do business with global service providers.

  - **Approach and Delivery:** Clients engaged with providers who were able to meet their particular approach and delivery requirements – such as delivery centres nearby critical business locations. Or the capacity to provide professionals onsite.

  - **Pricing:** Some clients advised price and flexibility around pricing models significantly influenced their decision.

  - **Experience:** The providers experience and heritage in particular areas of the digital technology space contributed to a clients decision to select them.

  - **Leadership:** The clear direction and willingness to engage of senior leaders in a provider player a crucial part in the selection process of some clients.

Service Provider Strengths

- The top strengths clients listed for their service provider included:

  - **Expertise with digital technologies:** Clients appreciate the expertise and skills of providers professional services. Client stories praise providers for understanding their particular business needs within the context of the wider digital transformation piece. Several examples of effective consultancy engagements have been captured in this research and provide a positive outlook for the growth of the digital technology strategy and consultancy space.

  - **Focused on research and insight:** Firms delivering services in this space are developing and strengthening their research and insight arms. At a broader level this is taking place for two key reasons. The first is to support services by building in innovations, technologies, and solutions as they are better developed and understood. The second is to support the upskilling and retraining of professional services staff across the business. Both are critical to the success of firms operating in the space and will ensure they continue to grow coverage areas across the digital technology space.

  - **Focus on experience and design:** Firms are developing the way they deliver services and implement solutions by leveraging the value of design thinking exercises. This allows for the design of solutions that consider the wider user experience and support client businesses in adopting more customer-centric approaches.

  - **Expanding coverage:** Either through organic growth or focused acquisitions, providers are building up their coverage and capacity across the digital technology space to ensure the delivery of end-to-end solutions.

Service Provider Challenges

- The top challenges clients listed for service providers included:

  - **Shaking traditional and legacy perceptions:** A significant proportion of the providers analysed in this research have a grounding in the more traditional areas of the consultancy market. For these firms there are real challenges in shifting client perceptions away from their former coverage areas and into the new digital mind-sets the firms are adopting. For some firms shifting into the market is tougher than others. Many have been manoeuvring into the space for some time. However, several have struggled to stake a claim in the digital space despite extensive credibility as a professional services firm.

  - **Attracting and retaining talent:** Firms are committing significant resources to the attraction and retention of talent across the professional services piece, with the understanding that it's only with the best and brightest talent that they'll be able to drive successful digital services. For some, with strong global reputations, attracting talent may be easier than others. However, as demand for digital technology strategy and consultancy services increases, even well positioned firms will need to work harder to bring the right talent and skills on board.

  - **Developing the narrative beyond technology:** Some firms have struggled to move their narrative beyond the implementation of particular technologies and solutions. Clients are pushing for more business focused and customer centric engagements, which is leaving some providers short of expectations. Driving a different engagement narrative to refocus conversations from implementing a solution to understanding a challenge may be challenging for some, but it is essential to deliver real value and meet client demands.

Recommendations: Enterprise Buyers

- **Focus on particular challenges or the overall outcome:** Too many failed engagements are the result of a solution or technology first approach, in which either the client or the provider is committed to implementing a technology without clearly outlining the problem to be solved or outcome to be achieved. Enterprise buyers must clearly outline what they want to achieve from an engagement, to ensure not only that success is measurable, but also that the engagement delivers value against criteria in the shortest time possible.

- **Consider engagements from an end-to-end perspective:** Although point solutions still have their place in the market, increasingly there is a call for professional services teams to work on a project from end-to-end. To ensure the success of these engagements, buyers too should focus on the end-to-end solutions they need to meet business outcomes, and ensure this perspective is fed back to stakeholders.

- **Leverage vendor experience and skills:** There is a clear appetite across the buyer community to leverage the experience and skills of vendor professional services teams. Buyers should continue to demand consultancy-led engagements to ensure the solutions and services delivered meet their needs. Enterprise technology is a broad and complex field, leveraging the knowledge and skills of providers is essential to making sense of challenges, and selecting solutions that make sense to the client business.

Recommendations: Enterprise Buyers

- **Be clear in the problem to be solved or outcome achieved:** Ensuring business stakeholders are clear in the problem they are attempting to solve, or outcome they are aiming to achieve is essential for two reasons. Firstly it ensures the engagement is focused on key areas, and a consistent message has the potential to reduce time to value. Secondly, the narrative of the provider community has become more focused, with multiple vendors stating they have often refused to take on work because the outcomes are not clear or the definition of the problem too vague. Both of these factors combine to make clarity of purpose an essential foundation for successful professional services engagements.

- **Engage with providers with relevant experience:** The digital technology strategy and consultancy market is full of potential providers, which can make selection a challenging prospect. A key differentiator for enterprise buyers should be the relevant experience the provider can offer. This demand stretches beyond core coverages areas, and into the vendors understanding of the specific clients business environment. Engagements are likely to offer far more value if the provider has experience in the clients particular industry or geographic location, where this knowledge and expertise can be built into client engagements alongside the more focused differentiators such as coverage area, intellectual property and methodologies.

- **Leverage knowledge transfer opportunities:** When bringing in the knowledge and expertise of professional services providers, buyers should consider and implement practices that leverage knowledge transfer opportunities to build the most value from the engagement.

Recommendations: Enterprise Buyers

■ **Understand the approach of particular vendors:** There are a range of approaches to professional services across the service provider community. These vary from vendor agnostic solution selection to engagements supported by proprietary technologies and IP. Buyers need to exercise caution and select a provider based on specific requirements they have, combined with the approach that is likely to deliver the best results. For some buyers, particular proprietary technology is requested, but for others an purely impartial and agnostic engagement is necessary to ensure the best solution is deployed. Understanding which approach will deliver the necessary results is key, and will help buyers select the right vendor for their needs.

■ **Be clear about innovation expectations:** Innovation is a core part of the digital technology space and is no longer about service providers leading the way with the deployment of new solutions and technologies. Buyers need to be clear about their expectations of the service provider to innovate, and should support providers in understanding the culture across the business that drive these expectations. The ability for service providers in the professional services space to build innovative solutions should form a key part of the selection process, and once a partner that meets this demand is selected, buyers should be clear at the start of the engagement about their ambitions and expectations for the future.

Recommendations: Enterprise Buyers

- **Leverage the wider community to locate value:** Undoubtedly the digital technology space can be complex and confusing, particularly when provider narratives and marketing drive decision making towards shiny technologies and solutions instead of business value. Enterprise buyers should leverage the wider buyer community to look for credible and valuable buyer stories, use cases, and peer reviews to support decision making.

- **Take a holistic view of digital technologies:** It can often be tempting to focus on the latest and greatest innovations in the enterprise technology space. However, these are not always the most suitable solution for a problem. When engaging with service providers for digital technology strategy and consultancy services, ensure to view the full field of enterprise technologies holistically without narrowing to particular solutions. This will support professional services teams in selecting the right solution for the problem.

- **Use data to support and validate solutions:** This research has revealed a clear appetite amongst organisations to make more out of data, and use it to drive decision making. But data must also be used to support decision making in professional services engagements to ensure solution build and selection is validated and supported by impartial business data.

- **Be clear on the approach needed:** From selection to ongoing service delivery, clients need to be clear on their approach expectations. Whether provider resources are to be delivered at client sites, through nearby delivery centres, or off shore. Selection should be focused on the particular needs of the organisation and the understanding of the approach needed to tackle the challenge.

Recommendations: Service Providers

- **Reimagine and innovate talent attraction and retention initiatives:** Throughout this research it became increasingly clear that providers understand the increasingly important role professional service talent plays across IT Services. A growing number of clients are beginning to expect consultancy-led engagements across the spectrum of IT. This means service providers will need to invest heavily in the attraction and retention of the best and brightest industry talent.

- **Plan ahead for reskilling and retraining:** Without a doubt, the enterprise technology space is developing and evolving rapidly. Providers need to anticipate changes and plan reskilling activities to ensure professional services staff are armed with the right skills and knowledge to continue to deliver effective digital technology strategy and consultancy services.

- **Be clear on direction and vision:** The digital technology strategy and consultancy space is competitive and complex. In this environment, providers must come to market with a clear direction and vision on their approach, coverage and value proposition. While some providers have a very clear direction which is well articulated, others need to spend time working on what differentiates them in the space, and ensure the marketing narrative surrounding it supports client understanding.

- **Drive improvements across methodologies:** The key to scaling is through well designed and continuously improving processes that drive consistency and excellence across service professionals. As providers broaden coverage areas they should invest time and resources in improving processes to ensure professional services are still as effective at scale.

Recommendations: Service Providers

- **Use research and thought leadership to support narrative:** A clear challenge for many of the providers analysed in this research is the struggle to stake a claim in the digital space and shift client perceptions of traditional and legacy coverage and business models. Investing in research and thought leadership to support marketing narrative with high-quality content is key. In so doing, providers are able to adapt the digital conversation with clients and contribute to the wider digital services ecosystem.

- **Focus on articulating expertise outside of technology:** While knowledge and expertise about digital technologies is key, providers should spend equal effort in articulating their expertise outside of coverage areas. This includes experience or successes in particular industries or geographies that will support provider credibility with similar clients. Simply expanding the narrative outside of coverage areas is not enough, however, providers should build compelling use cases and buyer stories to support the articulation of differentiating expertise.

- **Drive capacity to innovate:** Providers need to prove their ability to innovate in the space and should do this by pushing the envelope on innovation. While innovations at the vanguard of offerings are unlikely to be picked up immediately by clients, it reinforces the perception that the provider is focused and continuously driving improvement and innovation across services. This will help clients understand the scope and potential of current and future engagements.

Recommendations: Service Providers

- **Broaden and deepen coverage areas to support holistic services:** Outside of point solutions, providers need to broaden and deepen coverage areas to ensure clients are provided with a holistic view of capabilities and solutions. Similarly, client expectations are shifting to the delivery of end-to-end solutions – to achieve this providers need to cover a broad section of the digital technology space to ensure solution don't fall out of coverage areas.

- **Build supporting partnership ecosystems:** Subsequently, providers should strengthen partnership networks and ecosystems to support the delivery of professional services and the selection of best-in-class solutions. For providers with smaller coverage areas this will be critical to ensure they can meet client expectations.

- **Ensure commercial models and approach meet digital expectations:** When seeking to advise and support client businesses in meeting their digital ambitions, it can be damaging to a providers credibility if their commercial model and approach remain traditionally focused. Multiple vendors moving into the digital technology strategy and consultancy space have retained their traditional approach to consulting – across pricing and approach – which may limit the firms ability to become a credible player in the space. To combat this, firms should continue to innovate across the business, including their commercial and operational models, pricing structures, and engagement and delivery approaches.

Recommendations: Service Providers

■ **Articulate the value of relevant acquisitions:** Several firms have shored up their professional services talent with valuable acquisitions but have done little to articulate the real value of this to clients. Driving marketing and PR activities about what acquisitions bring to the firms services is key to ensuring the full value is understood by current and potential clients.

■ **Build innovative knowledge management and transfer processes and tools:** The professional services space is driven with knowledge and expertise. To support the scaling of offerings, firms should invest in innovative knowledge management transfer practices that not only support knowledge transfer but also collaboration across professional services teams.

■ **Build a clear picture of the problem at the outset:** In complex business environments the problems to be solved or outcomes to be achieved are tough to define. Nevertheless, providers must seek clarity and definition from clients to build relevant and valuable solutions. Without this both clients and providers can become lost in the complex and crowded enterprise technology space.

■ **Ensure resources are arranged to meet client needs:** In the digital technology strategy and consultancy space, a range of delivery models are required to meet the particular needs of clients. This means that providers need to move and adapt traditional delivery models – such as an offshoring focus – to ensue client needs are met with the most cost-effective delivery channel and an appropriate approach to meet outcomes.

About the Authors

Phil Fersht

CEO and Chief Analyst, HfS Research

Phil.fersht@hfsresearch.com

Phil is an acclaimed author, analyst, and visionary in IT Services and BPO, the Digital Transformation of enterprise operations and cognitive automation strategies. Fersht coined the terms "The As-a-Service Economy" and "Digital OneOffice", which describe HfS Research's vision for the future of global operations and the impact of cognitive automation and disruptive digital business models. Phil was named Analyst of the Year in 2016 (see link) for the third time by the Institute of Industry Analyst Relations, which voted on 170 other leading IT industry analysts.

Prior to founding HfS in 2010, Phil has held various analyst roles for Gartner (AMR) and IDC and was BPO Marketplace leader for Deloitte Consulting across the United States, UK, and Singapore. Over the past 20 years, Fersht has lived and worked in Europe, North-America, and Asia, where he has advised on hundreds of operations strategy, outsourcing, and global business services engagements.

Phil is also the author and creator of the most widely-read and acclaimed blog in the global services industry, entitled "Horses for Sources" now entering its eleventh year. He regularly contributes to media such as Wall St Journal, Business Week, Economist, The Times of India and CIO Magazine and is a regular keynote speaker at major industry events, such as NASSCOM, ANDI, ABSL, Global Sourcing Association, SSON, Sourcing Interests Group and HfS Summits.

He received a Bachelor of Science, with Honors, in European Business and Technology from Coventry University, UK and a Diplôme Universitaire de Technologie in Business and Technology from the University of Grenoble, France. He also has a diploma from the Market Research Society in the UK.

Jamie Snowdon

Chief Data Officer, HfS Research

Jamie.snowdon@hfsresearch.com

Jamie Snowdon has primary responsibility for overseeing the development of HfS' Quarterly Market Index, in addition to managing and developing the firm's data-centric products and services. He works across the HfS analyst teams to define evolving services markets and create market size estimates and forecasts. He also manages HfS' quantitative survey and benchmark data.

Jamie has over seventeen years experience in the IT and Business Services industry. In that time he has worked in a variety of roles including sales, marketing, consulting and as an industry analyst. Jamie's analyst career has largely been spent conducting data analysis including market size/forecast models, quantitative/qualitative survey analysis and competitive analysis.

Prior to HfS, Jamie worked for UK-based analyst firm Nelson-Hall as a Research Director, conducting vendor and market analysis within the IT and Business Services community. Prior to Nelson-Hall, Jamie spent seven years at IDC, where he was the European consulting director for IDC's services group, managing all of their bespoke research. Jamie specialised in delivering custom market forecast models and forecasting tools tailored to his client's individual needs. In addition, Jamie ran IDC's European outsourcing research, covering both IT and business process outsourcing. Jamie has wide industry knowledge covering IT consulting, enterprise applications, IT & business process outsourcing, desktop & network services, equipment maintenance, and business continuity.

Earlier in his analyst career, Jamie spent four and a half years at the IT services research specialist INPUT in a mixture of marketing and analysis roles. He left as the UK operations manager having spent two years as a customer services industry analyst. Jamie completed his graduate training at one of the UK's leading electronic and IT distribution companies.

Jamie's passion is learning; he holds university degrees in general science (computing), law and has a post graduate diploma in legal practice. He lives in Twickenham, London, with his wife and two daughters. His other loves include cycling, reading trashy sci-fi, cool technology, and the perfect pint.

Ollie O'Donoghue

Senior Research Analyst, HfS Research

Oliver.Odonoghue@hfsresearch.com

Ollie O'Donoghue is a Senior Research Analyst with HfS, focusing on IT services.

With over five years experience in the IT services industry – as both a practitioner and a research analyst – Ollie understands the impact IT services have in the modern business environment.

Before joining HfS, Ollie was the Head of Research and an Industry Analyst for the Service Desk Institute (SDI), an organization committed to providing IT Service and Support Organisations with the resources to deliver greater business value. His time with SDI was used to develop a comprehensive research portfolio for the industry. He has researched and presented on a multitude of topics including automation, innovative support models, and real-time analytics. In 2017, Ollie was named second on a list of IT and ITSM experts to watch.

Before becoming an analyst, Ollie worked as an IT service professional in a large public sector organization. It was here that Ollie's passion for the industry developed.

He graduated from the University of Kent with a Bachelor's in History. He is also a certified Service Desk Manager with higher mastery. Among his eclectic collection of professional certifications, he has four advanced diplomas in ornamental aquatic fish care. He claims these landed him his first IT job as a member of the interview panel was an avid fishkeeper.

In his spare time, Ollie reads up on History, Geography, and Economics and spends an unfortunate amount of time playing strategy games on his computer. Ollie is partial to wheat beer and, in the right circumstances, Irish whiskey.

HfS: Revolutionizing the Industry

HfS' mission is to provide visionary insight into the major innovations impacting business operations: automation, artificial intelligence, blockchain, digital business models and smart analytics. We focus on the future of operations across key industries. We influence the strategies of enterprise customers to develop operational backbones to stay competitive and partner with capable services providers, technology suppliers, and third party advisors.

HfS is the changing face of the analyst industry combining knowledge with impact:

- ThinkTank model to collaborate with enterprise customers and other industry stakeholders
- 3000 enterprise customer interviews annually across the Global 2000
- A highly experienced analyst team
- Unrivalled industry summits
- Comprehensive data products on the future of operations and IT services across industries
- A growing readership of over one million annually

The "As-a-Service Economy" and "OneOffice™" are revolutionizing the industry.

Read more on HfS and our initiatives here.