IDC MarketScape

IDC MarketScape: Worldwide Cloud Professional Services 2016 Vendor Assessment

Gard Little  Chad Huston

THIS IDC MARKETSCAPE EXCERPT FEATURES: ACCENTURE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Cloud Professional Services Vendor Assessment

Source: IDC, 2016

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 Cloud Professional Services 2016 Vendor Assessment (Doc # US40149616). 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.

IDC OPINION

This IDC study represents a vendor assessment of the 2016 worldwide cloud professional services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor’s success in the marketplace and help anticipate its ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide cloud professional services market. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing cloud professional services in both the short term and the long term. A significant component of this evaluation is the inclusion of the perception of cloud professional services buyers of both the key characteristics and the capabilities of the providers evaluated in this study. Buyers were surveyed across all three of IDC’s macroregions. Key findings include:

- Across all 29 strategies and capabilities assessed, the “future cost management” and “future financial/funding model” strategies were rated most highly on average across all cloud professional service providers. The strategy that received the lowest mean scores overall was “marketing strategy.”
- Based on the survey feedback from 126 of the evaluated vendors’ customers, the subcategory “growth strategy execution” received the highest aggregate scores. The lowest aggregate score for any subcategory was for “employee management.”
- When buyers were asked what characteristics were required for a cloud professional services project to be successful at a worldwide level, two characteristics were tied at the top, “project value delivered for fee paid” and “provide functional insights and competence.”

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The inclusion criteria for this IDC MarketScape consisted of two dimensions. The first was aggregate 2014 calendar year IT professional services revenue. Using the definitions detailed in IDC’s Worldwide Services Taxonomy, 2015 (IDC #254824, March 2015), IDC analysts calculated the aggregate IT consulting, systems integration, network consulting and integration, and custom application development revenue for all 50 services vendors that are tracked in IDC’s Worldwide Semiannual Services Tracker. Second, the aggregate professional IT services revenue was segmented into the three macroregions of the Americas, EMEA, and Asia/Pacific. Vendors with over $85 million of aggregate professional IT services revenue in each of the macroregions were invited to participate in this study. These criteria resulted in a list of 26 vendor candidates.

IDC analysts also estimated the top 5 cloud professional services vendors by calendar year 2014 revenue; in alphabetical order, these vendors are Accenture, Deloitte, HCL, HP, and IBM. Participation in this study for these vendors was considered involuntary; however, all willingly provided information. For those 21 vendors that met the criteria but were not determined to be in the top 5 in cloud
professional services revenue, invitations were sent and inclusion in this survey was based upon their willingness to provide information. In total, 17 vendors have been evaluated.

ESSENTIAL BUYER GUIDANCE

Advice for Cloud Professional Services Buyers

- **Vendor selection.** Use this IDC MarketScape in contract negotiations and as a tool not only to short-list vendors for cloud professional services bids but also to evaluate vendors’ proposals and oral presentations. Make sure you understand where these players are truly differentiated and take advantage of their expertise, industry based or otherwise.

- **Project value and timeline.** Include vendor performance on these factors among your highest selection criteria. Both these factors are rated among the top 5 in terms of importance for project success as rated by customers that were surveyed for this IDC MarketScape.

- **Engagement pricing.** Make sure you understand the nuances of alternative pricing schemes for cloud professional services, especially when a consulting or integration engagement is embedded in the pricing of related cloud services, or when financing is involved. About 80% of all cloud professional services projects are still standard time and materials or fixed-price engagements, but numerous alternative arrangements are on offer. For the 20% of alternatively priced projects, it is critical to understand how the pricing of a given engagement works and make sure it supports your overall goals.

VENDOR SUMMARY PROFILES

This section explains IDC’s key observations resulting in a vendor’s position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor’s strengths, challenges, and opportunities. IDC’s assessment includes 17 vendors (in alphabetical order): Accenture, Capgemini Group, CGI, Cisco, Dell, Deloitte, EMC, HCL, Hewlett Packard Enterprise (HPE), IBM, KPMG, Microsoft, NTT DATA, PwC, TCS, Tech Mahindra, and Wipro.

**Accenture**

According to IDC analysis and buyer perception, Accenture is a Leader in the IDC MarketScape for worldwide cloud professional services.

Accenture’s strategy focuses on scaling and integrating its existing services, as well as developing new services, to adapt to buyers’ preferences around industry-specific or horizontal stacks. Three key areas for the company are business/industry clouds, Cloud First Applications such as salesforce.com, and "Journey to Cloud" – end-to-end strategy, migration of customers to cloud capabilities across people, process, technology, and operations.

**Strengths**

Buyers rate Accenture highly for executing on its growth strategy, the range of services available, and the appropriateness and execution of its delivery capabilities. IDC rates Accenture highly in terms of its employee strategy, alignment of its pricing model with future market direction (i.e., willingness to engage in business outcome-based deals), and the range of its services portfolio.
Challenges
IDC believes Accenture's innovation strategy could be enhanced by more thought leadership related to cloud professional services, increased visibility of related offers on its Web site, and an expansion of its sales and distribution capabilities related to the upper midmarket (Accenture's acquisition of Cloud Sherpas in 2015 will give it increased capabilities in this area).

Opportunities
According to IDC's 2016 Global Cloud Professional Services Buyer Perception Survey, Accenture can further enhance its position in future related IDC MarketScape evaluations by improving its client perception in the following areas:

- Innovation/R&D pace and productivity
- Marketing
- Cost competitiveness

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 represents 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 cloud professional services market includes elements from four of IDC’s services foundation markets, which are defined in their entirety in IDC’s Worldwide Services Taxonomy, 2015 (IDC #254824, March 2015). Some examples of specific cloud professional services are shown in Figure 2.

FIGURE 2

Examples of Cloud Professional Services

<table>
<thead>
<tr>
<th>IT consulting</th>
<th>Network consulting and integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Maturity assessments</td>
<td>▪ Plan/design/build LAN/WAN to accommodate cloud</td>
</tr>
<tr>
<td>▪ IT strategic planning</td>
<td></td>
</tr>
<tr>
<td>▪ Support of customer procurement</td>
<td></td>
</tr>
<tr>
<td>▪ Vendor relationship management</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Systems integration</th>
<th>Custom application development</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Migrating and integrating legacy systems or workloads with cloud applications and infrastructure</td>
<td>▪ Development using cloud application PaaS such as Force.com or Microsoft Azure</td>
</tr>
<tr>
<td>▪ Integrating disparate cloud applications, cloud application platforms, or cloud infrastructure with one another (public, private, or hybrid)</td>
<td>▪ Setup of development environment (private cloud)</td>
</tr>
<tr>
<td></td>
<td>▪ Modernization efforts: extracting legacy code (e.g., business logic) and creating legacy executable files, which can be leveraged in PaaS environments</td>
</tr>
</tbody>
</table>

Source: IDC, 2016

Buyer Perception Survey Findings

IDC’s Global Cloud Professional Services Buyer Perception Survey was fielded again to gather data for scoring primarily the capabilities axis in this IDC MarketScape for cloud professional services (refer back to Figure 1). Once again, data was gathered on the buyers’ understanding of the vendors’ strategies, and this was an additional input to the evaluation on the strategies axis. Beyond the perception of a buyer of its vendors, this survey also asked two overall questions. The first being which business priority is most important to the given company. The results of this portion of the survey are detailed in Figure 3. The second question involved determining which characteristics a buyer believes a cloud professional services vendor must have for a project to be successful. The results of this portion of the survey are detailed in Figure 4.

The business drivers listed in Figure 3 illustrate that year after year, buyers of discrete cloud professional services look for vendors that can help them create a more effective business, not just lower costs. The second and third responses, “improve operation efficiency” and “comply with new or existing regulations,” respectively, also scored higher than lowering costs. The second and third
responses in the current survey switched positions compared with the 2014 survey but the overall scores are very close.

FIGURE 3


Q. How important a business priority do you believe each of the following is currently for your company?

Create a more effective business
Improve operational efficiency
Comply with new or existing regulations
Reduce costs
Drive innovation
Identify and implement options for growth
Manage risk
Respond to competitive pressures/threats
Leverage talent
Expand into new markets/geographies

Note: Mean scores are based on a scale of 1-5, where 1 is not a priority and 5 is a critical business priority.


Figure 4 details those characteristics that buyers of cloud professional services deem most important for an engagement to be successful. For 2016, "project value delivered for fee paid" topped the list compared with the 2014 survey, where it was in third place. Also for 2016, "provide functional insights and competence" came in the second spot as it did in 2014.
Important Factors for a Successful Cloud Professional Services Project

Q. In order for a cloud professional services project to be successful, please indicate the importance of each of the following characteristics.

Note: Mean scores are based on a scale of 1-5, where 5 is essential to success and 1 is highly detrimental to success.

**Synopsis**

This IDC study represents a vendor assessment of the 2016 worldwide cloud professional services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate its ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide cloud professional services market. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing cloud professional services during both the short term and the long term.

"When buyers were asked what characteristics were required for a cloud professional services project to be successful, at a worldwide level, the number 1 characteristic was 'project value delivered for fee paid' followed by 'provide functional insights and competence,'" said Gard Little, research director, IT Consulting and Systems Integration Strategies. "These two items indicate buyers believe success will come from a combination of consulting/technical skills and functional knowledge."

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**Related Research**

- *IDC MaturityScape: Cloud* (IDC #259534, October 2015)
About IDC

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Global Headquarters

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

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