IDC MarketScape

IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2020

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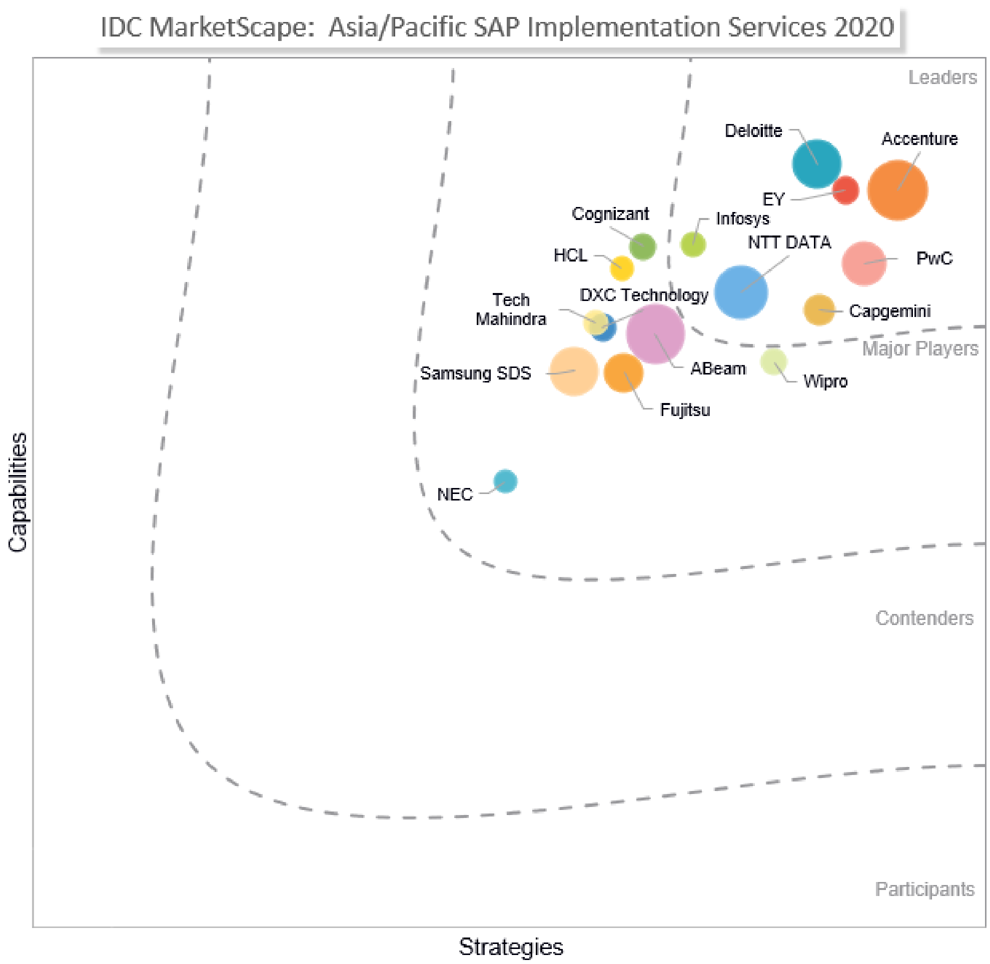
THIS MARKETSCAPE EXCERPT FEATURES: NTT DATA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Asia/Pacific SAP Implementation Services Vendor Assessment, 2020



Source: IDC, 2020

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

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IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2020 (Doc #AP46211320). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Buyer Guidance, Vendor Summary Profile, Appendix and Learn More. Also included are Figures 1 and 2.

IDC OPINION

For decades, SAP applications have enjoyed a unique position as an enabler of line-of-business (LOB) transformation by breaking down silos and fundamentally improving process controls. Over the years, SAP has evangelized its vision of creating "Intelligent Enterprises" and added multiple products to its portfolio of offerings to help customers progress in the Intelligent Enterprise journey. SAP's ambitions around the Intelligent Enterprise theme is underpinned by its S/4HANA offering. According to IDC's *2020 Asia/Pacific IT and Business Services Survey*, 67% of current SAP customers in Asia/Pacific are on board with SAP's vision of creating an Intelligent Enterprise with SAP S/4HANA as the transformation core.

The same survey also identified implementation partner capabilities as one of the top criteria for SAP's S/4HANA adoption. This is particularly true as customers in Asia/Pacific were approaching greenfield S/4HANA implementations as not just a technical upgrade exercise but also an opportunity to reinvent core business processes. Consequently, implementation vendors in Asia/Pacific have positioned S/4HANA-led business transformations as a key pillar in their go to market (GTM). The recent announcements from SAP on extending the support timeline for Enterprise Resource Planning (ERP) Central Component (ECC) customers (2027) provides enough time for enterprise users to build business cases and find the right service partner with the transformation capabilities to help in migrating to next-generation SAP solutions.

The Asia/Pacific region is witnessing a significant shift in the SAP implementation services ecosystem, with growing IT complexities and ongoing business disruptions. Beyond just pure-play technology implementation, SAP's service partner ecosystem plays a pivotal role in helping enterprise customers reduce the complexity in implementing and migrating to next-generation SAP solutions by creating comprehensive road maps for implementation, streamlining new internal business processes, managing the internal and external stakeholder experience, crafting new strategies to minimize disruption to critical business operations, and ensuring the SAP implementation stays within budget and time. Additionally, enterprise customers also bank on the in-depth expertise of their implementation partners to unlock business outcomes from their SAP investments and prepare them to capitalize on new opportunities from SAP's growing digital ecosystem. SAP's cloud business is also continuing to grow. Enterprises in Asia/Pacific are modernizing on-premises legacy systems by moving to either cloud first across all areas or a hybrid mix of on-premises deployments tied to cloud LOB applications.

This IDC study assesses 16 SAP implementation vendors in the Asia/Pacific region on both the strength of their current SAP implementation service capabilities and how well placed they are to grow the adoption of SAP solutions with their respective sound growth strategies. The key findings include:

- **There is a strong breadth and depth in SAP services.** Among all the measurement criteria, SAP implementation vendors performed well in terms of capabilities, suggesting that most participants had mature SAP practices and provided a broad range of services. We found that some vendors were able to go further by translating this strength as a foundation to capture new opportunities in Asia/Pacific. IDC's research also identified vendors with well-rounded localization strategies for each market units in Asia/Pacific, with dedicated delivery centers, local consultants, and tailored GTM strategy to enable key business outcomes for clients in various industries.

- **Top 5 capabilities that vendors did well**. The top 5 capabilities that vendors did extremely well are a strong range of services, customer satisfaction, reduced total cost of ownership, accelerating time to value from SAP investments, and ability to provide superior/differentiated SAP implementation services across SAP's operations/LOB offerings, leveraging a range of intellectual property (IP) assets in consulting, migration, and delivery.
- **Top strategies are in focus**. From the overall assessment of the strategy criteria of participating vendors, IDC observed that vendors strived to fine-tune regional strategies for the effective growth of SAP services in Asia/Pacific, enabled mainly by investments in marketing and thought leadership development, industry innovation using SAP as the technology core, and local consultants to hone business transformation–led approaches to achieve tangible business outcomes for customers.
- **S/4HANA services are maturing**. Interestingly, IDC's analysis also found that vendor performance in the essential capability axis that measured the S/4HANA service maturity showed a high degree of variability, especially in the talent readiness and industry capabilities. This suggests SAP implementation vendors in Asia/Pacific have yet to fully develop and pivot their service capabilities to S/4HANA. On average, 40% of the current SAP engagements for vendors in Asia/Pacific are S/4HANA-based.
- **Increasing SAP implementations on cloud infrastructure and perception of SAP's cloud solutions is evolving**. The degree of SAP implementation on cloud infrastructure in the region is increasing. IDC's analysis found that vendors were bolstering their partnerships with hyperscalers to help mutual customers navigate their journey to cloud and maximize business benefits. Most vendors were seen to have matured alliances with Microsoft, followed by Amazon Web Services (AWS) and Google Cloud, to drive S/4HANA adoption and migration of legacy SAP workloads to cloud. Leaders had well-rounded strategies with their own frameworks and industry solutions to complement SAP's Embrace program that aims to fast-track S/4HANA migrations to cloud. Customers interviewed by IDC indicated their apprehensions with the maturity of SAP's cloud solutions but found the time to market from vanilla implementations valuable. Hence, most customers adopting SAP's cloud solutions are also investing in change management and Business Process Reengineering (BPR) services to ensure implementation success.
- **There is talent enablement across market units**. Among the vendors evaluated by IDC, India held the largest talent pool for SAP resources in Asia/Pacific, followed by Japan, Southeast Asia, Australia and New Zealand (ANZ), and China. All the vendors emphasized on the strong commitment to grow internal talent readiness to support the evolving SAP technologies across solution areas, especially S/4HANA.
- **Customer demands are changing**. As part of the IDC MarketScape, we interviewed several current SAP customers and found that the ability to deliver business outcome, consulting and design capabilities, strong industry innovation, and providing faster time to value were the top differentiating capabilities customers look for in an SAP implementation partner. IDC's research also identified cost competitiveness, innovative pricing, and engagement models,

and aligning solutions to digital goals as the key capability areas SAP implementation partners need to improve in general.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This evaluation does not offer an exhaustive list of all the players in the Asia Pacific SAP implementation services partner ecosystem. IDC narrowed down the field of players based on the following criteria and subsequently collected and analyzed data on these 16 implementation services partners for this IDC MarketScape:

- **Service capabilities**. A key expectation of vendors in participating in the study is they are part of SAP's partner ecosystem (Global Strategic Service Partner, Global Technology Partner, PartnerEdge Platinum, Gold, or Silver Partner in Asia/Pacific) providing end-to-end services that span consulting and advisory services, customization/development services, systems integration (SI) services, and migration services in Asia/Pacific. IDC also expects the vendor to have demonstrated similar capabilities around next-generation SAP products toward which most customers are gravitating, such as S/4HANA, SAP Cloud Platform, and so forth. Even though it provides the full range of SAP implementation services, SAP Digital Business Services is not part of the evaluation because of the special position it maintains as part of SAP and not as part of the partner ecosystem.
- **Revenue**. Each service provider was required to have a 2019 total revenue (from SAP implementation services) exceeding US$50 million in Asia/Pacific.
- **Geographical presence**. Each participating vendor was required to have implementation services capabilities in at least three sub-Asia/Pacific regions: North Asia (South Korea), Greater China (China, Hong Kong, and Taiwan), Southeast Asia (Singapore, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines), India, ANZ, and Japan.
- **Products covered**. Service provider should demonstrate implementation services (on-premises and cloud-based implementations) around any three of the major product categories in SAP's portfolio of offerings. This includes SAP Enterprise Resource Planning (ERP) suite (mandatory), SAP S/4HANA (mandatory), SAP Customer Experience solutions (commerce, marketing, sales, and service), SAP C/4HANA, SAP intelligent spend management solutions (SAP Ariba, SAP Fieldglass, SAP Concur), SAP digital supply chain portfolio (SAP integrated business planning for supply chain, SAP intelligent asset management solutions), SAP SuccessFactors Human Experience Management (HXM), SAP Qualtrics Experience Management solutions (XM), and SAP BusinessObjects Business Intelligence Suite. Implementation services around SAP's open business technology platforms and intelligent technologies are not covered in the scope of this study.

ADVICE FOR TECHNOLOGY BUYERS

This IDC study represents a vendor analysis and assessment of the 2020 Asia/Pacific SAP implementation services market through the IDC MarketScape model. This research explains vendors' success in the SAP implementation services marketplace and how well placed they are to grow in the Asia/Pacific region.

Based on this study, IDC recommends that buyers consider the following pieces of advice before starting new SAP implementations or while embarking on a transformation journey:

- **Set your expectations and ensure buy-in from all stakeholders**. Before embarking on an SAP implementation journey, it is necessary that enterprises do comprehensive due diligence on the expectations of internal and external stakeholders at various levels of seniority together with their implementation partners. This should cover several dimensions from governance, risk mitigation, budget, time to market, technical and business outcomes expected, security, and the degree of support required from internal IT teams in each milestone. Enterprises need to also ensure implementation partners pay adequate attention to the business users' current problem when planning, implementing, and rolling out transformation projects.
- **Assess the impact on business and visualize the end state and business outcomes.** Many SAP implementation partners offer technical assessments, simulation frameworks, and instances on public cloud platforms to help enterprises understand the impact on current business processes after implementing next-generation SAP solutions. Leverage these simulations to visualize key business outcomes and the degree of change management required to minimize business disruption during transitions. Do not only rely on product demos. Most implementation failures arise when enterprises try to force-fit SAP solutions to current business processes without adequate planning before the project kickoff from a change management and BPR perspective.
- **Greenfield, brownfield, or bluefield.** One of the most important questions that existing SAP customers struggle with is the approach to SAP upgrades, especially S/4HANA. Although more time-consuming and expensive, a greenfield implementation of S/4HANA is the most preferred approach for customers. One of the key reasons for this preference is the significant business transformation aspect associated with the implementation. Greenfield implementations today are an opportunity for enterprises to reinvent their current business model to bring core business transformations. IDC also found many customers that went for a bluefield approach carrying forward the customizations and processes built over decades. Partner capabilities, especially in migration, play a significant role in ensuring the success of this approach. Overall, buyers need to evaluate the degree of transformation, budget, and long-term business goals before zeroing in on an approach.
- **Approach agile cloud implementations with caution.** Buyers pursuing better time to value from their investments are bound to evaluate cloud-based solutions and agile implementation methodologies in their ERP implementation. IDC recommends that buyers exercise caution and not get caught up in buzz words and industry pressure to move to cloud. Enterprises targeting core business transformation with their SAP implementations will need to also evaluate the enterprise readiness from a data security, change management, and business process angle before going forward with the agile cloud implementation. Additionally, do not assume all implementation partners with cloud expertise can also handle the BPR and change management aspects involved with implementing cloud-based SAP solutions. Hence, pay key attention to the vendors' risk mitigation plans and vision to accomplish business goals in each sprint before embarking on an implementation journey.
- **Target better time to market with proven industry and LOB solutions.** SAP implementation partners are bolstering their industry capabilities and LOB innovations to build ready-to-deploy end-to-end solutions that guarantee better time to market. In collaboration with SAP's model company solutions, many implementation partners have created rapid deploy solutions on S/4HANA in several industries and LOB operations. Buyers looking to avoid the complexities of implementations and target faster time to market will find these solutions valuable.
- **Insist on formal feedback collection**. Maintaining customer satisfaction throughout the implementation project requires that the implementation vendor follow a timely and structured feedback collection process. IDC observed that in many implementations, customers often do not insist on a formal feedback collection process but flag it as a key service gap toward the

end of the project. To ensure user expectations are maintained throughout the project, buyers need to insist on a formal feedback collection process from implementation partners, measuring key aspects of the project with a closed loop mechanism.

- **Gauge the co-innovation partnership of implementation vendors with SAP**. According to IDC's study, it was evident that implementation partners with strong business-, product-, and industry-level co-innovation programs in the region were able to provide customers with better visibility to SAP's product team. For implementation projects that have a high degree of transformation elements such as S/4HANA, visibility to SAP's product team is instrumental in enabling the localization in support and technical issue fixing.
- **Extend innovations after implementation**. Reaching the Intelligent Enterprise vision does not end at the go-live date, but it starts there. Enterprises need to enable a culture that fosters innovations with evolving SAP solutions in the market. Look for implementation partners capable of tapping into the growing ecosystem of SAP partners that provided new integrations (process mining, low-code software platforms, artificial intelligence [AI], robotic process automation, etc.) and capability extensions using cloud.
- **Remote implementations, new engagement, and pricing models.** COVID-19 disruptions exposed the gaps in service delivery and engagement models of many implementation partners in Asia/Pacific. It is important that going forward, buyers consider the remote implementation capabilities, service resiliency plans, and localized support capabilities of implementation partners to tackle any unforeseen challenges that may arise during implementations. Buyers can also demand implementation partners to propose new pricing models with more skin in the game. Engagement models, such as outcome-based pricing, capacity-based pricing, asset buyouts, and SAP as a service, are gaining tractions because of the upfront value attached to these engagement models.
- **Alignment with new business goals**. As enterprises enter the recovery phase of the pandemic disruption, business priorities are bound to change. Look for implementation vendors that can align solutions with the new enterprise business goals and priorities to provide the best ROI.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. Although every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of the vendor's strengths and opportunities.

NTT DATA

According to IDC's analysis and buyer perception, NTT DATA is positioned as a leader in the IDC MarketScape Asia/Pacific SAP implementation services 2020 vendor assessment.

NTT DATA is a global business and IT service provider with roots dating back to 1967 when it was established as the IT services arm of Nippon Telegraph and Telephone Japan. Over the years, NTT DATA has expanded its operations to over 50 countries providing business and IT services. To bolster its SAP capabilities outside of Japan, NTT DATA acquired itelligence, an end-to-end SAP service provider headquartered in Germany. This acquisition gave NTT DATA a strong foothold in the SAP services market in India, China, and Southeast Asia.

NTT DATA offers implementation, management, and support services across a spectrum of SAP's LOB solutions and business technology platforms. NTT DATA's GTM is hinged on leading with industry-led solutions underpinned by the strategic pillars of digital operations, cloud, and automation. NTT DATA's ability to tailor engagement models for customers, especially based on the market unit it operates is a key value-add. NTT DATA also showcased strong focus in creating SAP Model Company solutions to help customers accelerate their time to market from SAP investments. NTT DATA has positioned S/4HANA-led transformations at the core of its industry solutions and follows a maturity-driven implementation approach depending on the transformation readiness of its customer.

NTT DATA has most of its SAP resource strength in India and Japan followed by Southeast Asia and China. NTT DATA has limited SAP presence and projects in ANZ and South Korea. At the time of this study, the largest verticals in NTT DATA 's Asia/Pacific SAP implementation services business are automotive, pharmaceutical, and manufacturing. In 2019, NTT DATA acquired ISS Consulting, an SAP consulting service provider in Thailand with a key focus in the manufacturing (including automotive), retail, and food and beverage industries.

NTT DATA maintains a strong global and regional relationship with SAP, which has translated into several industry and packaged solutions around S/4HANA, C/4HANA, SuccessFactors, cloud, and analytics. Additionally, NTT DATA 's partner engagement extends to cloud hyperscalers, which has translated into offerings around road map assessment, migrations, and managed services.

Strengths

Localized GTM Strategy

NTT DATA follows a highly localized strategy for each of the key regions in Asia/Pacific in which it operates. For example, NTT DATA prioritizes an industry-led approach to focus on client business outcomes for its customers in ANZ and Southeast Asia, where, as it prioritizes a managed SAP-as-a-service model coupled with migration accelerators and reusable assets for customers in India, it collaborates with other NTT Group companies in the European Union, United States, and Japan to build long-term engagements in China and follows an industry-focused, consulting-led engagement model in Japan. This approach has helped NTT DATA tailor its solutions and meet expectations of regional customers at different technology maturities in Asia/Pacific.

Strong S/4HANA Transformation Capabilities

NTT DATA has a compelling track record in S/4HANA implementations in Asia/Pacific, backed by a strong set of well-defined consulting methodologies, IP, accelerators, and industrialized conversion factory models for seamless S/4HANA transformations. At the core of NTT DATA 's S/4HANA transformations is a "value realization approach," which emphasizes identifying and delivering value early in the implementation cycle together with defining the future road map for the customer.

Clients interviewed by IDC praised NTT DATA's degree of agility, project management, and focus on driving down cost. In general, NTT DATA performed strongly in essential capabilities, geographical growth, and range of services.

Challenges

According to IDC, NTT DATA should strengthen its talent development programs to increase SAP certifications in its large pool of S4/HANA resources. Additionally, NTT DATA needs to strengthen its presence in key markets, such as ANZ, to capture growing opportunities.

Consider NTT DATA When

NTT DATA, with its localized offerings, is a good fit for both medium-sized and large enterprises in Asia/Pacific evaluating the implementation of next generation SAP solutions. Additionally, enterprises in industries such as automotive and manufacturing can leverage its proven model company solutions to enhance time to value from SAP investments.

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 GTM plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape is a visual representation of the relative market shares of each individual vendor within the specific market segment being assessed but should not be taken to represent proportionate absolute market shares.

IDC MarketScape Methodology

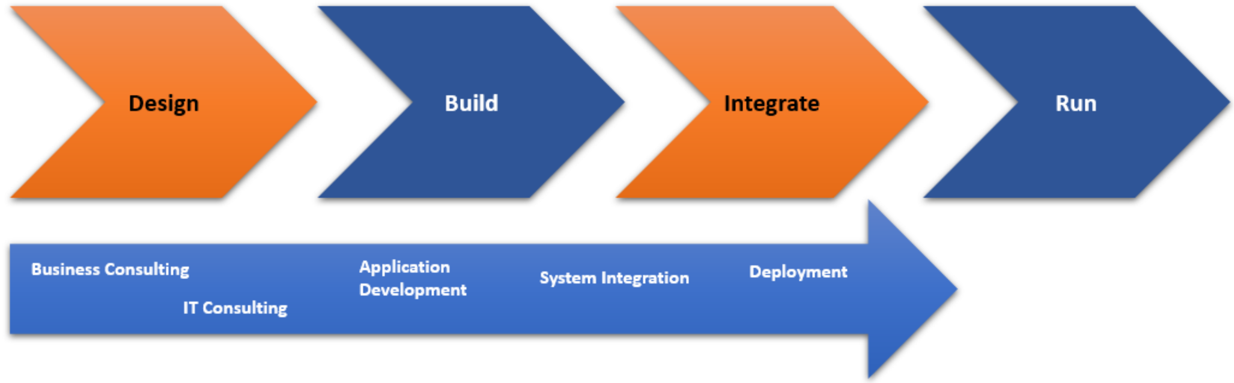
IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys and the input of 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, behaviors, and capabilities.

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, 2019* (IDC #US44916019, March 2019).

FIGURE 2

IDC's Design–Build–Run Function Chain



Source: IDC, 2020

A significant component of this evaluation study is the inclusion of opinions from current SAP customers in Asia/Pacific. IDC believes that before potential buyers evaluate an SAP implementation partner, it is important to understand the key value propositions current customers in Asia/Pacific perceive in their SAP Implementation partner. Buyers need to then correlate how well a service partner can bring out these value propositions in their solutioning approach and implementation offering portfolio. Customers interviewed by IDC were generally satisfied with the services from their SAP implementation partners. Some of the areas in which vendors performed well are:

- Project management throughout the implementation life cycle
- Domain expertise, especially in ERP and finance solutions with certified resources
- Consulting and advisory services around SAP solutions, especially in creating detailed road maps around S/4HANA implementations
- Focus on reducing business disruptions during migrations and transformation projects

Customers interviewed by IDC also identified five key capabilities that are perceived as differentiators before selecting an SAP implementation partner. They are, in order of priority:

- Ability to deliver business outcome
- Consulting and design capabilities (strong consulting and design capabilities, providing comprehensive vison and road map for implementations)
- Strong industry capabilities (industry knowledge backed by IPs and ability to put the solution in context of our industry)
- Provide faster time to value (focus on driving faster time to value by shortening implementation duration, delivering value early in the implementation, etc.)
- Technical talent and certified resource (availability of skilled technical and certified resource capable for solving technical problems)

Some of the areas pointed out by customers that are potential areas of improvement for vendors are (in order of priority):

- Providing cost effective implementation services
- Providing alternate engagement and pricing models other than fixed and time and material (T&M)-based
- Aligning proposed solutions to the digital goals of the customers
- Availability of consultants and subject matter experts locally for regional implementations and SAP-certified resources for solution areas, such as C/4 HANA, analytics, and cloud solutions
- Focusing on realizing value early in the implementation cycle
- Timely visibility to product partners to reduce technical difficulties and integration issue
- Services to help improve security posture of SAP solutions

LEARN MORE

Related Research

- *What Are the Top Capabilities Enterprises Find as a Differentiator and as Essential in a Customer Relationship Management and Enterprise Resource Planning Implementation Partner?* (IDC #AP46758520, August 2020)
- *Which Is the Most Preferred Cloud Environment for Running CRM and ERP Workloads in APEJ?* (IDC #AP46760220, August 2020)
- *The State of S/4HANA Adoption in Asia/Pacific* (Excluding Japan) (IDC #AP45875420, July 2020)
- *Asia/Pacific (Excluding Japan) Application Management Services Market Shares, 2019: IDC's Top 10 Vendors* (IDC #AP45396320, June 2020)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the SAP implementation services market with specific offerings and capabilities in the segment. It discusses both the quantitative and qualitative characteristics that lead to success in the ecosystem. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to one another and the criteria and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"As the competition for market share in the SAP implementation services market continues to heat up, implementation partners are driving differentiation by tying SAP implementation to the digital aspirations of the enterprise, leveraging industry expertise to enable core business transformation, running joint initiatives with SAP and hyperscalers to access new innovations, investing in technical talent and migration accelerators, and introducing new engagement models. Moving forward, the success of an implementation partner in Asia/Pacific will be dictated by how the vendor is able to leverage the core capabilities to provide a high degree of localized services, accelerate time to market, and drive down cost of implementations," says Rijo George Thomas, senior market analyst of software and services research, IDC Asia/Pacific.

About IDC

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