

EXCERPT

IDC MarketScape: Worldwide Business Analytics IT Consulting and Systems Integration Services 2012 Vendor Analysis

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IN THIS EXCERPT

The content for this paper is excerpted from the IDC Competitive Analysis Report, IDC MarketScape: Worldwide Business Analytics IT Consulting and Systems Integration Services 2012 Vendor Analysis, by Ali Zaidi, (Doc # 234938). All or parts of the following sections are included in this Excerpt: IDC Opinion, In This Study, Methodology, Situation Overview, Future Outlook, and Essential Guidance. Figure 4 is also included.

IDC OPINION

This IDC study represents a vendor assessment of the business analytics (BA) IT consulting and systems integration (C&SI) services firms as of 2012 through the IDC MarketScape model at a worldwide level. This assessment discusses both quantitative and qualitative characteristics that define success in the business analytics consulting and systems integration services market. This IDC MarketScape covers a variety of vendors participating in the business analytics C&SI arena. The evaluation is based on a comprehensive and rigorous framework that assesses each vendor relative to the criteria and to one another. The framework highlights the factors expected to be the most influential for success in the market in both the short term and the long term. Key findings include:

- ☒ **Business priority.** Cost management, improving operational efficiency, creating a more effective business, and complying with new or existing regulation are the key business priorities for firms that utilize analytics to run their businesses.
- ☒ **Life cycle of business analytics services.** Clients tend to prefer consuming the full life cycle of business analytics services, from assessment to process outsourcing, when they utilize external resources for their analytics needs. Those vendors that possess the capability to deliver across the value chain of business analytics services will stand to gain a larger market share.
- ☒ **Services portfolio strength.** Worldwide, firms in general offer a strong suit of consulting and implementation offerings to cater to clients' business analytics needs.
- ☒ **Value proposition.** On the long-term front worldwide, generally, C&SI services firms have developed solid cost-benefit analyses to facilitate increased adoption of their business analytics C&SI services portfolio by clients. In addition, firms in general have created solid strategies to improve current R&D processes and

initiatives to meet the market demand for business analytics solutions in the near future.

IN THIS STUDY

This IDC study represents a vendor assessment of IT consulting and systems integration services providers with respect to business analytics services through the IDC MarketScape model at a worldwide level. This assessment discusses both quantitative and qualitative characteristics that define success in the market.

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This study is made up of two key sections. The first part is a definition or a description of what characteristics IDC analysts believe make a successful strategy for a business analytics C&SI services firm. These characteristics are based on buyer and vendor surveys and key analysts' observations of industry best practices. The second part is a visual aggregation of multiple firms into a single bubble-chart format. This display concisely illustrates the observed and quantified scores of the consulting providers.

The document concludes with IDC's essential guidance to buyers of business analytics C&SI services and to vendors to support continued growth and improvement of these firms' offerings.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and selected 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, 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.

SITUATION OVERVIEW

Business Analytics Services Value Chain

IDC believes the business analytics services value chain is made up of the following three pillars or areas: information management, analysis, and business inference. At the same time, a certain set of processes and technologies need to be delivered across these three areas. IDC believes the coupling of these processes and technologies with the previously mentioned areas defines the complete value chain of business analytics services.

This MarketScape provides vendor assessment with regard to the advisory, assessment, plan, design, and build phases of the business analytics services value chain. For the business process outsourcing aspects of business analytics services and the respective business analytics vendor evaluation, see *IDC MarketScape: Worldwide Business Analytics BPO Services 2012 Vendor Analysis* (IDC #234937, May 2012).

IDC MarketScape Vendor Inclusion Criteria

For IT Consulting and Systems Integration Providers

This research includes analysis of 10 large IT consulting and systems integration services firms and firms with broad portfolios spanning IDC's research coverage and with global scale. This assessment is designed to evaluate the characteristics of each firm and each firm's global presence in terms of head count and share of their revenue coming from IDC defined macroregions. Given this approach, Lockheed Martin has been excluded even though it was among the top 5 firms in terms of combined IDC estimated IT Consulting and SI services revenues in 2011, because it derived over 90% of its revenue from the U.S. government. Also, Fujitsu Ltd. has been excluded even though it was among the top 5 firms in terms of combined IDC estimated IT Consulting and SI services revenues in 2011, because it derived less than 10% of its revenue from two of the three IDC defined macroregions. In addition, it is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firms should be considered as potential candidates for an engagement.

Market Strategies

This analysis revealed a level of high capability in current offerings for business analytics services for all vendors. From a future strategy perspective, there were criteria where vendors were putting together investment to provide a more robust service offering or delivery capability leveraging cloud and so forth that separated the leaders from the major players. From the analysis, it is determined that the resulting differences in current capability or strategy are not very significant. This provides

assurance to the customers that each one of the vendors is reasonably well suited (in a relative sense) to provide quality business analytics services to its customers. However, there are certain categories such as predictive analytics services where the overall market is weak, and vendors need to make additional investments to build and consolidate these services. Additionally, there are some areas such as size and scale of delivery capability where performance is stronger.

Business Analytics Service Provider Characteristics

Key characteristics that would be exhibited by successful business analytics service providers offering C&SI analytics services include the following:

- ☒ **Quality of manpower.** To successfully exploit the capabilities of business intelligence (BI) tools and their own knowledge of their customers' business and IT processes, service providers have to build a talent pool that has advanced degrees in economics, business administration, statistics, and so forth. Besides these basic qualifications, the employees must be familiar with business processes that include supply chain, pricing, risk modeling, and sales and marketing.
- ☒ **Robust infrastructure.** If service providers are to instill a sense of confidence and convince their customers to outsource their business process to them, service providers have to ensure that besides the functional knowledge of the business they are able to host the analytics solution on a system that is secure and highly available and delivered via or hosted on a network that is secure.
- ☒ **Partnerships.** It is essential that the service providers complement their capabilities by partnering with other stakeholders in the ecosystem. For example, it is necessary that they partner with BI tool vendors to ensure they are able to build an analytics service offering around the latest updated tools.
- ☒ **Domain knowledge.** Over the years, service providers have built deep industry expertise across various business needs. This capability and their business insight enable them to identify inefficiencies across the various business processes (by industry) and recommend "best practices" to optimize the business. Additionally, with the help of analytics capabilities, they are able to drive additional efficiencies within the organization.
- ☒ **Capability to host the service offering on a SaaS platform.** This capability enables the vendor to quickly deploy the analytics solution and shift the emphasis from implementation to consulting and simultaneously engage in a business impact discussion.
- ☒ **End-to-end capability.** The ability of a business analytics services vendor to implement a BI solution and offer strategic advice based on various analytics metrics positions the vendor favorably over competition whose strategy is "best of breed."
- ☒ **Global delivery network.** Global delivery networks enable IT services vendors to service regional customers while enabling the addition of a global resource center for multinational customers. The capability of a robust analytics system

that gathers regional as well as global data around customer behavior, buying patterns, and so forth provides tremendous value to a customer in fine-tuning product mix, marketing strategies, investment strategy, and so forth.

Business Drivers for Business Analytics Consulting Services

IDC conducted a buyer perception survey in 1Q12. The survey examined enterprise buyers' preferences and business priorities, major business drivers that instigate buyers to utilize business analytics solutions, and key factors that the buyers of business analytics services deem to be most important for successful completion of a business analytics consulting project. Figure 2 showcases the business drivers that prompt the clients to employ a certain set of business analytics consulting services. As the survey indicates, businesses continue to utilize business analytics consulting mainly to reduce cost and to enhance efficiency, in terms of both operations and how they can make their business more effective and relevant to their customers.

FUTURE OUTLOOK

IDC MarketScape Business Analytics IT Consulting and Systems Integration Services Market Vendor Assessment

The IDC vendor assessment for the business analytics IT consulting and systems integration services market represents IDC's opinion on which vendors are well positioned today through current capabilities and which are best positioned to gain market share over the next few years. For the purposes of discussion, IDC divides potential key strategy measures for success into two primary categories: capabilities and strategies. Positioning in the upper right of the grid indicates that vendors have a perfect combination of capabilities to continue to be successful in today's ecosystem and have the right set of strategic initiatives to maintain and grow their future position in the ecosystem.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well it is aligned to customer needs. The capabilities category focuses on the capabilities of the company and services *today*. In this category, IDC analysts look at how well a vendor is building, pricing, positioning, and/or delivering capabilities that enable it to execute its chosen strategy in the market. On the y-axis, a position toward the top (north of center) indicates a strong set of differentiated capabilities to be successful in today's ecosystem.

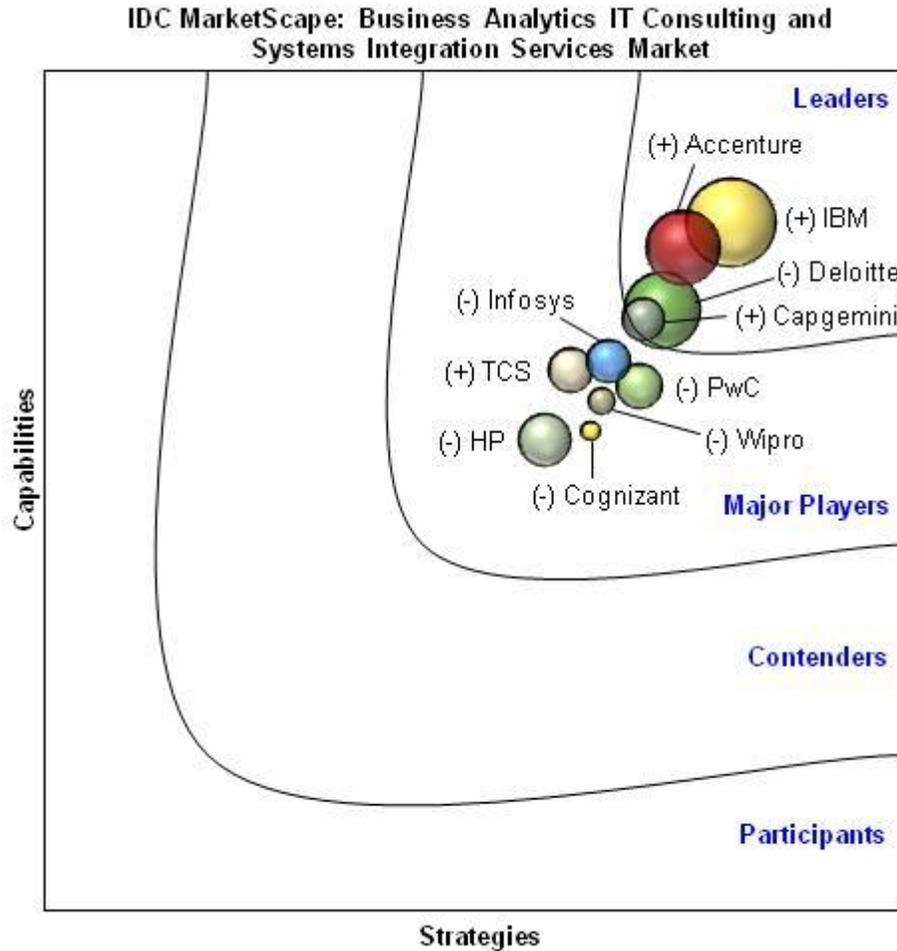
Positioning on the x-axis, or strategy axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategy category focuses on high-level strategic decisions and underlying assumptions about road maps for offerings, customer segmentation, business, and go-to-market plans for the future, which in this case is defined as the next three to five years. In this category, analysts look at whether or not a supplier's strategies in various areas are aligned with customer requirements in terms of spending, procurement, and delivery over a defined future time period. On the x-axis, a position toward the right (east of

center) indicates a strategy that is not only well aligned with customer requirements but agile and differentiated from the pack.

Figure 4 shows each vendor's position in the vendor assessment chart. Vendor market share is represented by the size of the circles. The vendor year-over-year growth rate relative to the given market is indicated by a plus (+), neutral (.), or minus (-) icon next to the vendor name. Spatial position is also represented on the x and y axes.

FIGURE 4

IDC MarketScape Business Analytics IT Consulting and Systems Integration Services Vendor Assessment



Source: IDC, 2012

Vendor Profiles

This section briefly explains the key observations that resulted in a vendor's position in the vendor assessment graph. While every vendor is evaluated against each of the 50 or so characteristics, the descriptions here provide a brief excerpt of the findings that represent the vendor's score. IDC's assessment includes 10 vendors (in alphabetical order for illustrative purpose only): Accenture, Capgemini, Cognizant, Deloitte, HP, IBM, Infosys, PwC, TCS, and Wipro.

IBM

According to IDC analysis and buyer perception, IBM is an IDC MarketScape Leader worldwide. IBM's business analytics and optimization (BAO) services consulting service line was formed in 2009 as a distinct practice within IBM Global Services. Since then, it's grown from 4,000 to more than 9,000 consultants dedicated to business analytics and information management solutions. Additionally, IBM augments these analytics capabilities with thousands of practitioners in its strategy and transformation and enterprise application service lines. IBM's BAO practice is built on core capabilities in BAO strategy, BI and performance management, advanced analytics and optimization, enterprise information management, and enterprise content management. IBM also has delivery capabilities in all eight of its global delivery centers and extends its expertise through a BAO center of competence that brings IBM's deepest SMEs to clients anywhere in the world. IBM has announced it will invest more than \$100 million on research on Big Data. Last year's debut of Watson, the computing system that uses natural language processing and algorithms to beat Jeopardy! Grand Champions, was a first in the industry. IBM brings clients, its researchers, and GBS consultants together in eight analytics solutions centers around the world to explore the possibilities of analytics.

Business Analytics C&SI Services Areas of Strength

- Strategy to create next-generation tools and methodology
- Marketing/branding of business analytics services practice
- Strategy to increase organic and inorganic growth

Business Analytics C&SI Services Areas of Improvement

- Affordability of business analytics C&SI services to clients
- Percentage of offshore resources of total business analytics services employee base
- Strength of vertical- and region-specific partnerships

ESSENTIAL GUIDANCE

The key finding of this research is the overall strength of the capabilities of the majority of the vendors, but at the same time, certain areas require improvements. These improvements would stimulate a vendor's position in the C&SI market and would eventually help attract buyers. This section highlights both strong and weak aspects of vendors to provide guidance to both the suppliers and the buyers within the business analytics C&SI services market.

Advice for Buyers

- Look for offering differentiation.** The breadth and depth of services offered is strong for the majority of business analytics services vendors in this analysis.

Make sure you understand where these players are truly differentiated and take advantage of their expertise, industry based or otherwise.

- ☒ **Use analytics for competitive edge.** Though a vast majority of the businesses are consuming business analytics primarily to control cost and operational efficiency, the benefits of analytics are far beyond the "keeps the lights on" initiatives. Leading businesses truly understand the importance of analytics to achieve a competitive edge in their markets and utilize business analytics to make their businesses more agile to cater to changing customer needs, to drive innovation in the business processes, and to be an integral part of the growth business analytics engine.
- ☒ **Create a culture of analytics.** Business analytics is not just about getting hold of right data. It's also about creating the right processes to handle and make use of the valuable enterprise wide data as well as aligning the mindset of the company employees to embrace the importance of using information-based decision making. To be successful in utilizing the true benefits of a business analytics undertaking, it's vital to define and govern all three aspects of business. Only by defining and governing information, processes, and people can a company create a successful culture of analytics.
- ☒ **Align vendor strength with project success.** Select C&SI services partners for your business analytics services engagements that are strong at key elements of a successful project. Firms that were successful in carrying out business analytics consulting engagements partnered with consulting vendors that consistently managed project goals and met the project timeline. At the same time, these external partners were a strong match when it came to relevant industry and technology competencies.
- ☒ **Use this MarketScape for vendor evaluation.** Use this IDC MarketScape in contract negotiations and as a tool to not only short-list vendors for business analytics C&SI service bids but also evaluate vendors' proposals and oral presentations.

Advice for Consulting Firms

- ☒ **Invest in industry-specific competency.** Vendors should continue to invest in building significant business analytics competency across multiple domains. This is possible if the vendor has delivered many long-term BPO projects across specific industries and in the process gained valuable experience and knowledge of best business practices for a specific industry. This knowledge can be applied to improving the business metrics obtained from running a BA engine for the clients operations.
- ☒ **Pick one strategy for growth.** Vendors should focus on either of the following:
 - ☐ **Build the complete stack.** This is easier said than done and requires a lot of investment and resources.
 - ☐ **Create alliances/partnerships and invest in building an ecosystem.** This strategy is a lot easier, but the flip side is that most vendors will emulate it.

Vendors should create niche/unique domain-specific offerings that can be applied across multiple industries that will give them the edge.

- ☒ **Focus on predictive analytics.** Employ advanced algorithms and models that will enable your clients to predict business results/performance in areas such as fraud management, compliance, churn management, and marketing.
- ☒ **Market the business analytics capabilities.** Make efforts to highlight your business analytics consulting capabilities within your overall consulting portfolio. Clients tend to select established practices when it comes to partnering with external consultants for their business analytics needs. Lack of business analytics consulting practice branding within your consulting portfolio will hold you back from winning against the competition.

Look out for nontraditional competition. Make sure to gauge the complete competitive landscape. Unlike the traditional IT services, business analytics services require less investment to build capabilities, especially across areas of consulting such as change management, and aligning analytics metrics with business outcomes for the clients to drive true business value. While traditional vendors participate in most aspects of business analytics C&SI services, many smaller vendors participate in niche areas of business analytics services and are chipping away valuable revenue stream from these high-value, high-margin consulting engagements.

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