

IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2022

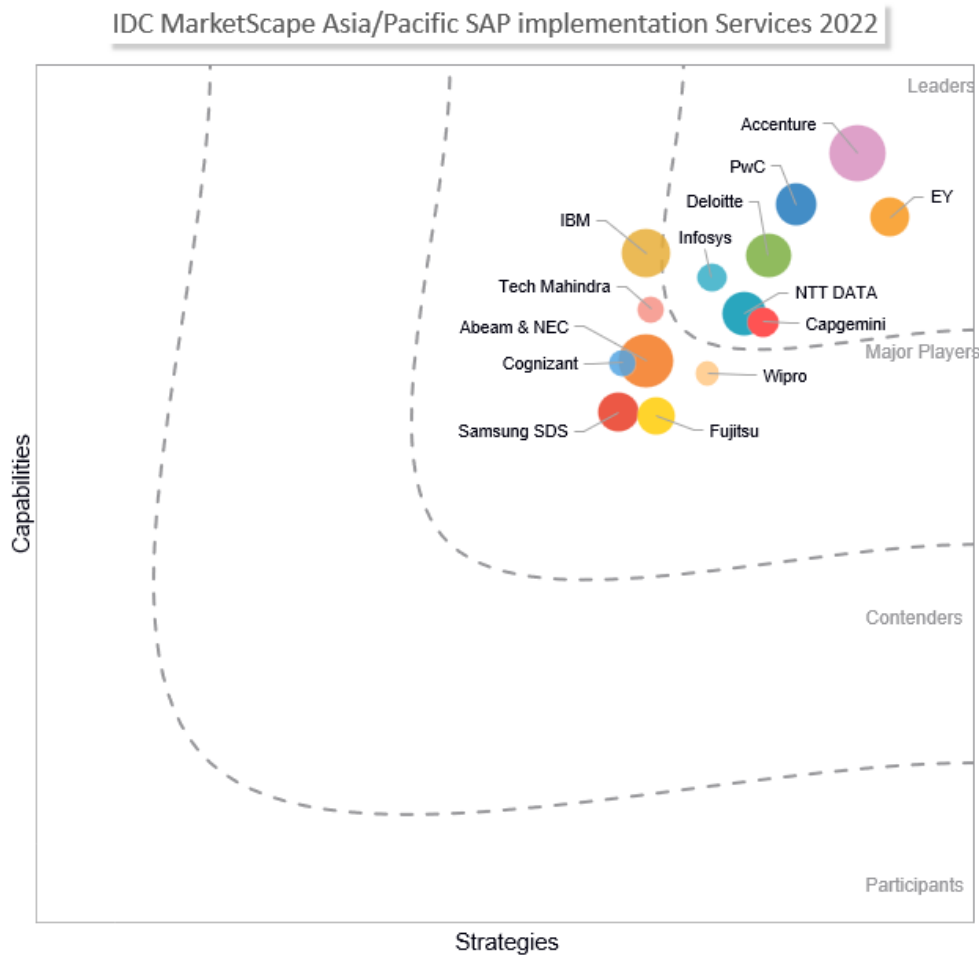
Rijo George Thomas

THIS MARKETSCAPE EXCERPT FEATURES: INFOSYS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Asia/Pacific SAP Implementation Services Vendor Assessment, 2022



Source: IDC, 2022

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

IN THIS EXCERPT

The content for this excerpt was taken directly IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2022 (Doc #AP48871022). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Featured Vendor Profile, Appendix and Learn More. Also included are Figure 1 and Figure 2.

IDC OPINION

SAP provides a comprehensive suite of enterprise applications, platforms, and services that address the day-to-day operational needs of businesses across industries. Through its long operating history and strong technological capabilities, SAP has become one of the most widely used technology providers that underpin the foundation of modern businesses.

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 line-of-business (LOB) applications.

In addition to shifting its focus to the cloud, another strategic focus for the coming years is the migration of SAP's customer base to S/4HANA, its next-generation enterprise resource planning (ERP) suite. S/4HANA offers advancements in technology and software capabilities that enable customers to transform into what SAP envisioned as "Intelligent Enterprise" — an event-driven, real-time business powered by technology. IDC surveys revealed that many customers faced challenges in upgrading to S/4HANA as this migration represents not only a technical upgrade but also significant changes to their broader IT strategy. 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. As enterprises evaluate several tactics to modernize their SAP landscapes, the implementation partner ecosystem is investing in building the talent base and local reach to help customers accelerate their transition to S/4HANA.

This IDC study assesses 14 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:

- **Strong range of services to support SAP implementations.** This evaluation finds that SAP implementation vendors performed well in terms of capabilities, suggesting that most had mature SAP practices and provided a broad range of services. We found that vendors emphasized strongly on customer retention more so than in the past, consequently accelerating the deployment of local resources and delivery centers in the Asia/Pacific region close to the customer to resolve problems/issues.
- **Top 5 capabilities.** The top 5 capabilities that vendors did extremely well are a strong range of services, the geographic footprint of support, cloud capabilities, customer satisfaction, and S/4HANA services.
- **Top strategies in focus.** From the overall assessment of the strategy criteria, 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 more efficient tools, platforms, frameworks, and methodologies to support SAP implementations, S/4HANA, and cloud migrations.
- **S/4HANA services are underpinned by business transformation.** According to the *IDC Asia/Pacific Excluding Japan) Enterprise Services and Security Sourcing Survey, 2021*, close to a quarter of current SAP customers in Asia/Pacific (excluding Japan) (APEJ) plan to undertake a greenfield approach to S/4HANA transformation, elevating the implementation not just as a technical upgrade exercise but as an opportunity to bring core business transformation. Additionally, customers who adopted a brownfield migration to S/4HANA are now leveraging the service provider ecosystem to identify areas of transformation to enhance value from their S/4HANA investments.
- **Enabling sustainability goals.** As sustainability reporting is becoming a mandate in many parts of the Asia/Pacific region, enterprises are setting aggressive goals and positioning to remain compliant with sustainable operations. As such, vendors are investing ahead of the curve in building environmental, social, and governance (ESG) solutions on SAP that helps enterprises set, track, and report sustainability initiatives across business operations.
- **RISE with SAP gaining traction.** RISE with SAP aims to help enterprises accelerate their journey to Intelligent Enterprise by removing the complexity and costs of running legacy SAP systems. Apart from helping enterprises seize the efficiencies enabled by the cloud, RISE with SAP hinges its differentiation on business innovation, transformation, and IT modernization. SAP's partner ecosystem, especially the service providers, is at the core of its business transformation as a service offering. IDC's analysis also found that vendor capabilities varied significantly to support the depth and breadth of RISE with SAP, especially in business transformation expertise, cloud capabilities, industry alignment, and so forth.
- **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/New Zealand (ANZ), and China. All the vendors emphasized the strong commitment to growing internal talent readiness to support the evolving SAP technologies across solution areas, especially S/4HANA.

IDC MARKETSCOPE 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 14 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 (SAP PartnerEdge Platinum Partners, SAP PartnerEdge Gold Partners, or SAP PartnerEdge Silver Partners 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 Services Business 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 2021 total revenue (from SAP implementation services) that exceeded US\$30 million from the Asia/Pacific region.
- **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.
- **Offerings covered.** Service providers should demonstrate implementation services (on-premises and cloud-based implementations) around any three of the major offerings in SAP's portfolio of offerings. This includes ERP and finance (S/4HANA services are mandatory), customer relationship management (CRM) and customer experience, spend management, supply chain management (SCM), human capital management (HCM), and RISE with SAP (optional). This study does not cover the services around the business technology platform suite of solutions.

ADVICE FOR TECHNOLOGY BUYERS

This IDC study represents a vendor analysis and assessment of the 2022 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:

- **Start with a comprehensive road map.** The road to implementation will have several unforeseen challenges. It is critical that organizations address concerns of LOB, such as product features, security, cost, skill gaps, time to market, customizations, and so forth, before the implementation kickoff. Hence, it is necessary that enterprises create a holistic modernization road map before embarking on an implementation and service provider selection journey.
- **Leverage service provider platforms to visualize the end state and impact on business.** Many SAP implementation partners offer technical assessments, simulation platforms, and instances on the cloud 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 change management and business process reengineering (BPR) perspective.

- **Realize value early and iterate for success.** Approach SAP implementations with an aim to realize value early in the implementation cycle. Embrace the clean ERP approach by implementing a system with minimal customizations, and in iteration. IDC recommends buyers leverage the repeatable vertical-specific templates and best practices available with implementation partners to reduce risk and ensure faster time to value.
- **Manage the growing ecosystem of partners.** SAP's partner ecosystem continues to grow as it introduces new offerings and shifts its focus to a cloud-first strategy. It is imperative that enterprise customers tap into the growing ecosystem of partners to fuel innovation, but this also means enterprises can be influenced to overthink the design phase, overrun the budget of implementation, and diverge from the organization's digital transformation (DX) road map. It is important for enterprises to manage the expectations with all the partners involved in the implementation (hyperscalers, service providers, business consultants, and so forth) so that they work toward a common goal (i.e., the business and IT outcome set by the enterprise leadership that are in alignment with the DX road map of the enterprise).

FEATURED VENDOR PROFILE

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

Infosys

According to IDC analysis and buyer perception, Infosys is positioned in the Leaders category in the 2022 IDC MarketScape for Asia/Pacific SAP implementation services.

Infosys is a global systems integrator and outsourcing service provider with experience in executing complex business and ERP ecosystem transformations in Asia/Pacific. Currently, Infosys SAP Implementation Services are broadly bucketed under four categories — consulting and systems integration (C&SI), business IT services, business and data analytics, and next-gen services.

Infosys provides a full life cycle of SAP implementation services (consulting, design, SI, migration, and so forth) across the full spectrum of core SAP products in Asia/Pacific.

Infosys drives differentiation in the SAP services market on its ability to deliver complex SI projects and highly localized GTM, which includes investments in talent, solution offerings, and joint ventures and partnerships for regional SAP practices in the Asia/Pacific region. Infosys further leverages a host of IP and platforms to help clients reinvent their SAP landscape and business models. Notably, Infosys leverages its Live Enterprise Platform, which is a combination of pre-configured solutions, namely Catalyst, AI/machine learning (ML) solutions, consulting frameworks, and implementation methodologies to help clients envision and accelerate their SAP-led transformation journey. The Live Enterprise Platform also houses Infosys core S/4HANA and migration offerings to help clients transition to the next generation of SAP solutions with reduced risks. Infosys has several joint initiatives with SAP, varying from services engagement, innovation leverage, product-based partnership, tools, and client-specific partnerships. Infosys also jointly innovates with SAP in specific industry cloud solutions and has launched its solution called Live Enterprise with RISE with SAP to complement SAP's business transformation offerings.

At the time of this study, Infosys had a larger distribution of SAP projects in India, followed by Southeast Asia, ANZ, Japan, and the Greater China region. The largest verticals in Infosys' SAP

services are telecom and utilities, consumer products and retail, and public sectors. Additionally, Infosys has local delivery capabilities and resources in all major market units in Asia/Pacific. Currently, Infosys has a higher distribution of SAP skilled resources in India, followed by ANZ, Southeast Asia, Greater China, and Japan.

Strengths

- **The breadth of service capabilities to support SAP implementations.** Infosys has strengthened its upstream capabilities around business transformation and has successfully combined its depth of IT services expertise with the Live Enterprise framework. This holistic approach enables Infosys to provide a host of offerings for enterprises to amplify their business capabilities going beyond SAP solution implementation.
- **Well-rounded localization strategy.** Infosys has a balanced presence in the Asia/Pacific region and focuses on localizing its offerings for the key regions where it operates. Specifically, Infosys highlighted its efforts to address the key industry-specific points of customers in each market unit in Asia/Pacific and complemented its approach with flexible operating models to support engagements.
- **Experience with large implementations and support.** Infosys showcased the delivery of some highlight complex and time-bound SAP implementations, especially for customers in the telecom, healthcare, consumer products, utilities, and services clients.

Challenges

- According to IDC, some clients indicated Infosys needs to further strengthen its project management capabilities and lower turnover in the project teams.

Consider Infosys When

Infosys is a good fit for enterprises in Asia/Pacific looking for an SAP implementation partner with a strong breadth of services, solid SAP product expertise, and a localized approach to implementations to support operations in key market units in Asia/Pacific.

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 with 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

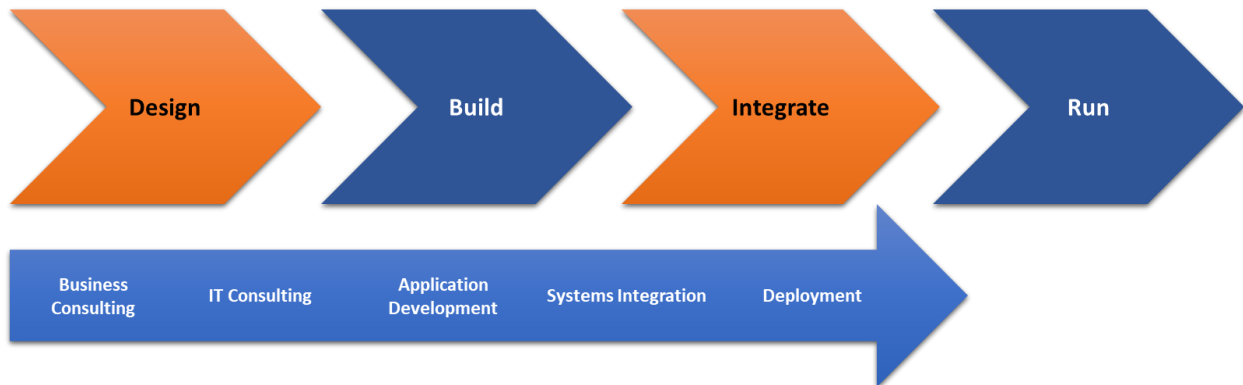
IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, 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 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, 2021* (IDC #US44916019, March 2019).

FIGURE 2

IDC's Design-Build-Run Function Chain



Source: IDC, 2022

LEARN MORE

Related Research

- *IDC Worldwide CEO Survey 2022 The CEO Tech Agenda in a Digital-First World – An APJ Perspective, Part 5 – Strategic Technology Partners and Vendor Selection* (IDC #AP49220622, June 2022)
- *Asia/Pacific (Excluding Japan) Application Management Services Market Share, 2021: IDC's Top 10 Vendors* (IDC #AP48492422, May 2022)
- *The Application Modernization Imperative in Asia/Pacific (Excluding Japan), 2022 Update* (IDC #AP48492721, February 2022)
- *Key S/4HANA Services Adoption Trends in APEJ: Results from IDC's 2021 APEJ Enterprise Services Sourcing Survey* (IDC #AP47765422, September 2021)

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.

"Enterprises in Asia/Pacific will bank on the expertise of SAP service providers to unlock business outcomes, and more importantly, identify areas of transformation to enhance value from their SAP investments. Service providers that can bring together industry and functional expertise, stronger ecosystem play, and deep SAP technical knowledge will foster a long-term relationship with clients," says Rijo George Thomas, research manager Software and Services Research, IDC Asia/Pacific.

About IDC

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