

NEAT EVALUATION FOR INFOSYS:

# SAP HANA & S/4HANA Services

Market Segments: Overall, SAP HANA Focus, S/4HANA Focus

## Introduction

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This is a custom report for Infosys presenting the findings of the NelsonHall NEAT vendor evaluation for *SAP HANA & S/4HANA Services* in three market segments: Overall, SAP HANA Focus, and S/4HANA Focus. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Infosys in SAP HANA & S/4HANA services, and the latest market analysis summary for SAP HANA & S/4HANA services.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering SAP HANA & S/4HANA services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on SAP HANA and S/4HANA.

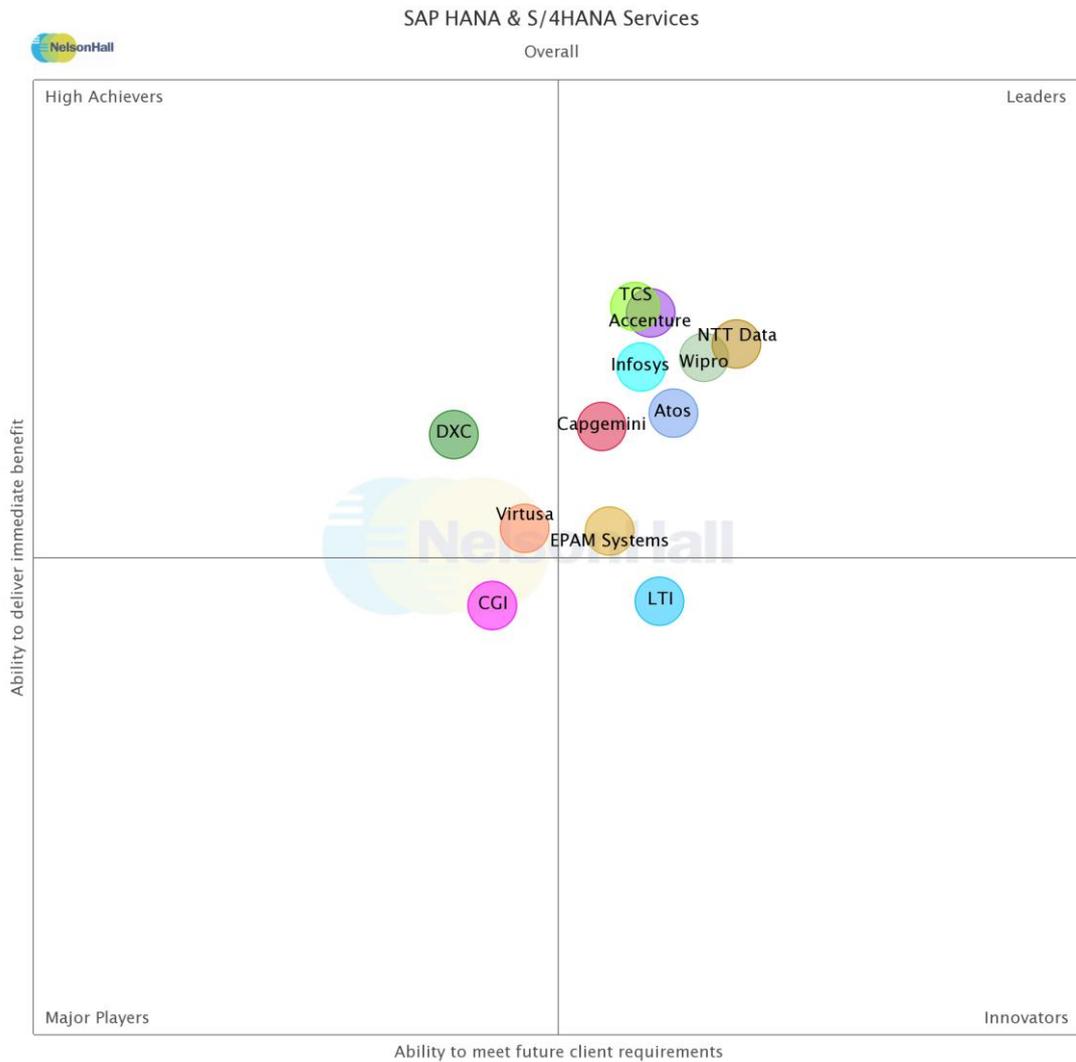
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are Accenture, Atos, Capgemini, CGI, DXC Technology, EPAM Systems, Infosys, LTI, NTT Data, TCS, Virtusa, and Wipro.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: SAP HANA & S/4HANA Services (Overall)



Source: NelsonHall 2017

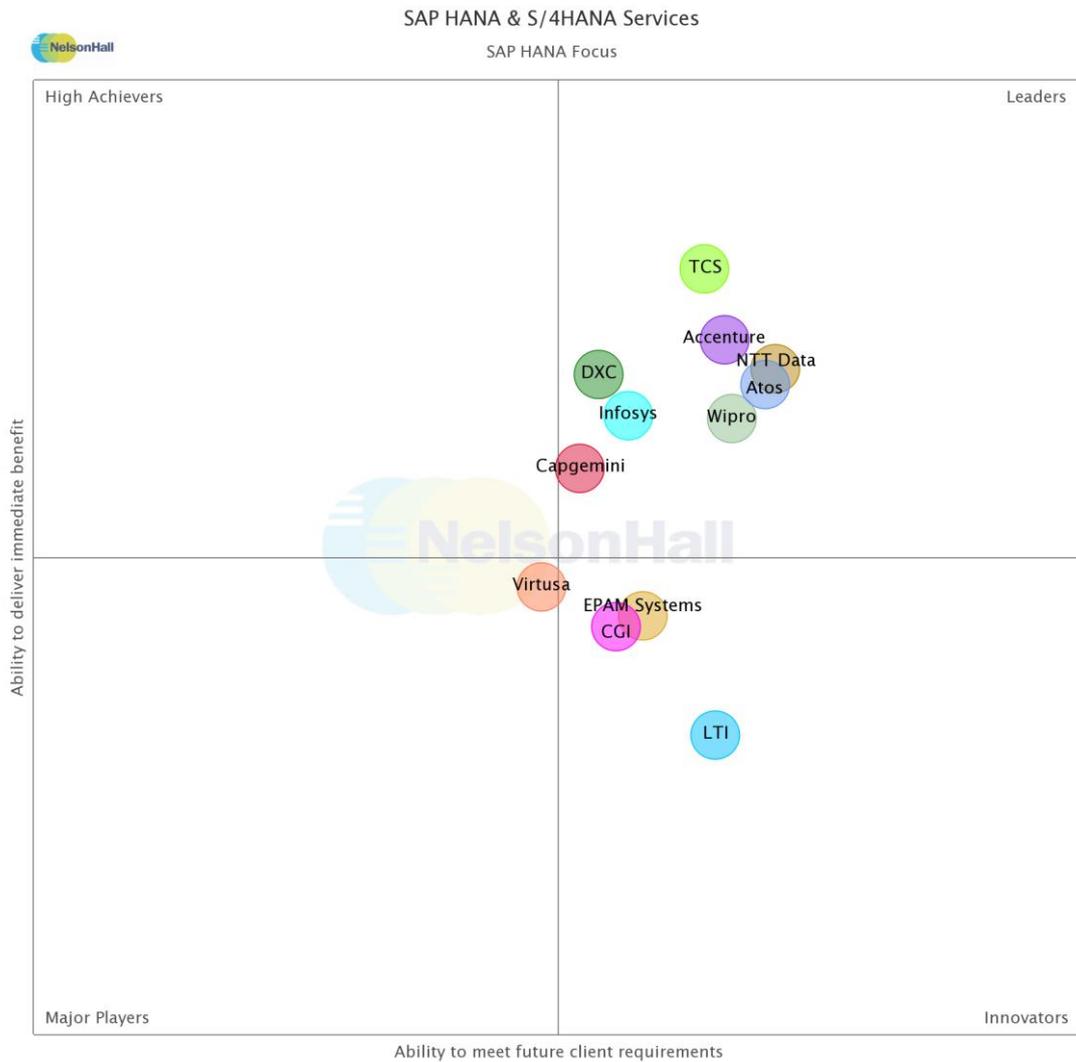
NelsonHall has identified Infosys as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ overall ability to meet future client requirements as well as delivering immediate benefits to SAP HANA & S/4HANA services clients.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

*Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (Overall) [here](#).*



## NEAT Evaluation: SAP HANA & S/4HANA Services (SAP HANA Focus)

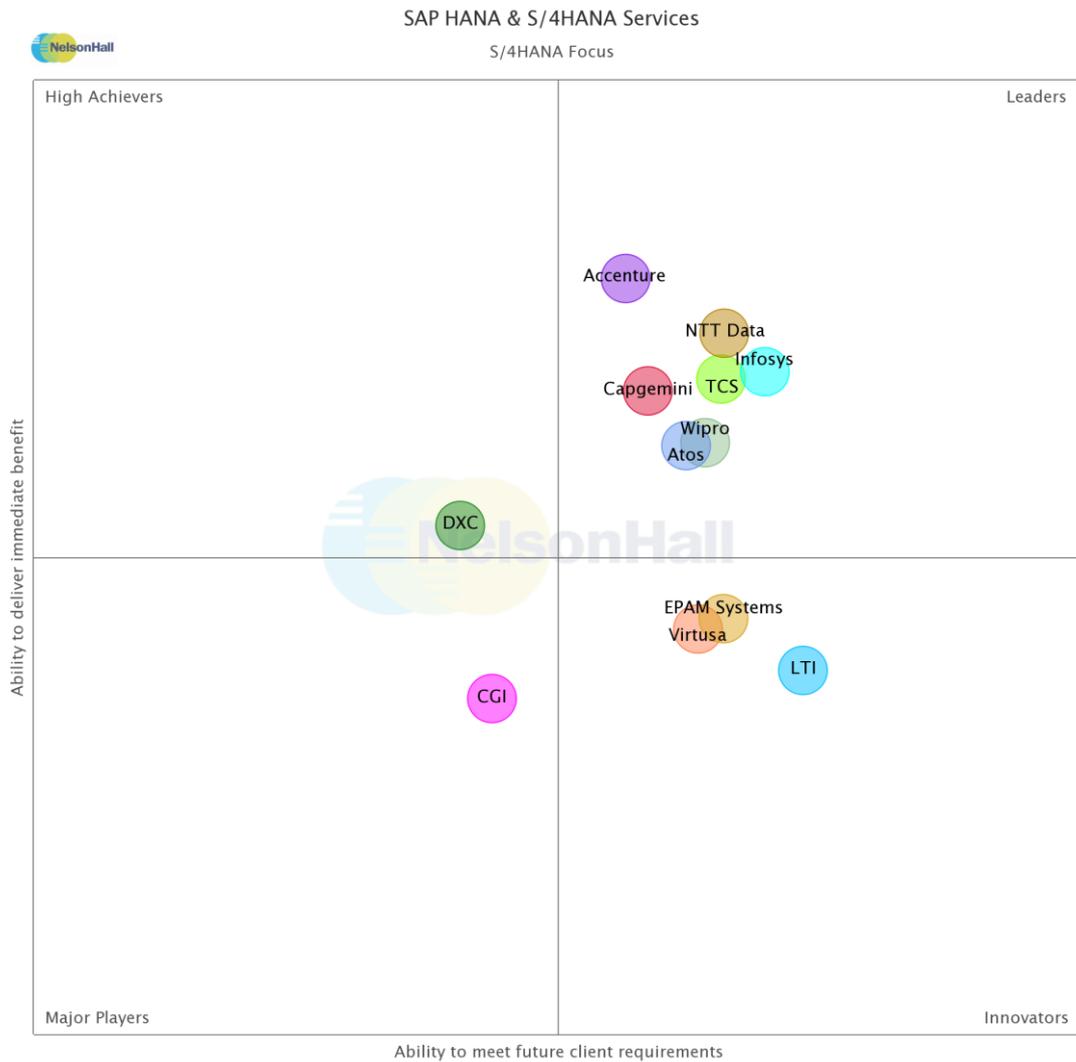


NelsonHall has identified Infosys as a Leader in the *SAP HANA Focus* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ ability to meet future client requirements as well as delivering immediate benefits to clients with a specific focus on SAP HANA services.

*Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (SAP HANA Focus) [here](#).*



## NEAT Evaluation: SAP HANA & S/4HANA Services (S/4HANA Services Focus)



NelsonHall has identified Infosys as a Leader in the *S/4HANA Services Focus* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to clients with a specific focus on S/4HANA services.

Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (*S/4HANA Services Focus*) [here](#).



## Vendor Analysis Summary for Infosys

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### Overview

At the time of writing, Infosys is undergoing a search for a new CEO and, following the unexpected resignation of Vishal Sikka, has gone through a comprehensive strategy review. But Dr. Sikka's vision has had a long-lasting effect on the company's strategic direction, which in essence has not changed. Infosys' strategy continues to focus on accelerating the growth of its new software-enabled design, consulting and IT services portfolio. The key theme remains "software enabled".

Infosys extends this strategy to its SAP HANA and S/4HANA services. Infosys became a SAP Global Services Partner in 2008 and is also a Global Strategic Partner. It has acted as co-development partner with SAP to develop tools and industry-specific extensions and acts as a SAP S/4HANA Value Assurance Partner. Additionally, a key area of focus is building its own suite of industry-specific S/4HANA and HANA functional extensions, migration tools and accelerators.

Infosys estimates that it has ~400 SAP clients and ~14.8k SAP skilled resources.

To expand its SAP, HANA, and S/4HANA capabilities, Infosys has made the following acquisitions:

- Lodestone, in 2012: headquartered in Switzerland, Lodestone was founded in 2005 (the founders' heritage was in PwC and IBM). It had 850 employees including 750 SAP consultants, and 2011 revenues were ~\$200m across ~200 clients, concentrated in the life sciences and automotive sectors, with ~15% of revenues coming from the insurance sector
- Panaya: in 2015: Infosys' second largest acquisition since its purchase of Lodestone. Founded in 2005 (formerly known as ChangeSoft Technologies), Panaya is based in Ra'anana, Israel and has ~150 employees. Its flagship CloudQuality suite automates the assessment and migration of SAP environments.

### Financials

For CY 2016, Infosys reported total revenues of ~\$10.1bn. Approximately 33% (~\$3.3bn) of this was derived from its Enterprise Application Package Services, where SAP-related revenues reside.

NelsonHall estimates that Infosys' SAP services revenues account for ~49% of the total Enterprise Application Package service revenues (~\$1.6bn). Within this, NelsonHall estimates that HANA and S/4HANA revenues are ~10% (\$160m).



## Strengths

- Breadth of software offerings tailored to industry-specific requirements
- Assessment and migration toolset
- Investing in proprietary migration tools, accelerators, and methodologies
- Aggressively scaling up HANA and S/4HANA resource base
- First-hand experience in migrating from legacy to S/4HANA
- Broad delivery center network
- Long-term, multi-faceted partnership with SAP.

## Challenges

- Limited focus on its SMB client base which is driving much of the S/4HANA adoption
- SAP workforce is weighted toward India relative to competitors

## Strategic Direction

To continue the growth of its SAP HANA and S/4HANA services practice, Infosys is focusing on the following growth strategies:

- Increasing the skilled resource base
- Expanding the Catalyst offering to new industries
- Developing tools, accelerators, and solutions
- Developing Leonardo and NIA use cases.

## Outlook

Infosys is investing to grow its capabilities to support HANA and S/4HANA adoption. While S/4HANA adoption has been limited to date, Infosys' efforts to build solutions to complement its core capabilities and re-skill functional SAP consultants positions it to support its large enterprise client base as it begins the adoption journey with the looming end of the ECC support deadline in 2025. Nearly doubling its HANA and S/4HANA skilled workforce by the end of 2017 will provide Infosys with a significant footprint of skills in a still growing market, even with a considerable proportion of these remotely based in its India HANA CoE.

Across the company, Infosys has put a heavy emphasis on developing proprietary software offerings tailored to specific industry or business process requirements. With incremental capabilities frequently required to complement core S/4HANA capabilities, Infosys has adapted existing ECC offerings to S/4HANA and offers a broad portfolio addressing client requirements.

To date, its HANA and S/4HANA services have skewed toward the EMEA market relative to the other services of the company. As the North American large enterprises at the core of Infosys' client base increase their focus on migrating to S/4HANA, Infosys' experiences with SMB and EMEA clients will position it well to address these needs.



## SAP HANA & S/4HANA Services Market Summary

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### Overview

SAP HANA is a more mature product with a clearer value proposition than S/4HANA. Currently, the majority of existing large enterprise SAP business suite clients are migrating to HANA rather than directly to S/4HANA. With significant cost sunk in customizing objects within legacy ERP systems (including processes, interfaces, reports, and forms), clients are looking to IT service vendors to undertake shorter consulting projects to define the value to be realized by migrating to HANA or S/4HANA, and the level of effort required.

The majority of S/4HANA adopters engaging IT services vendors to date have been electing to implement a greenfield S/4HANA environment. As the end of support deadline looms for ECC clients, the market for S/4HANA services will evolve toward more migrations.

Many HANA and S/4HANA initiatives are still in progress, in the early days of production, or represent a single phase on a multi-phase journey. Realizing the full benefits of these initiatives will generally require a longer-term perspective, as multiple phases are completed and softer changes such as business process changes mature.

In addition to HANA being introduced earlier than S/4HANA, the biggest driver of the difference in adoption is the less clear business case for migrating to S/4HANA. HANA's business case relies on direct cost reductions (infrastructure footprint) and clear improvements in data and analytic capabilities.

The S/4HANA business case focuses on softer benefits such as user experience, shorter business process cycle time, and providing a foundation for further investment in digital transformation.

### Buy-Side Dynamics

The key decision factors in selecting a vendor to deliver SAP HANA and S/4HANA services are:

- Improved visibility and accessibility of ERP data
- Perception of “value for money”
- Increased end-user/business satisfaction
- Reduced turnaround time for customers/operations
- Timely implementation of SAP S/4 HANA solutions.

### Market Size & Growth

The global SAP HANA and S/4HANA services market is estimated by NelsonHall as ~\$7,162m in 2017. It is expected to grow at 18% CAGR to ~\$14,050m by 2021.



## Success Factors & Challenges

The key success factors for SAP HANA and S/4HANA services vendors include:

- Automated assessment, migration and roadmapping capabilities: successful vendors offer a portfolio of automated tools and methodologies to assess the impact of migration on current ERPs (including custom objects and legacy data), develop a migration roadmap, and execute the migration of legacy objects and data
- Tailored services for multiple adoption paths: successful vendors develop discrete service offerings tailored to the specific needs of the multiple adoption paths that can be taken to HANA and S/4HANA. This includes multi-phase migrations, single phase migrations, greenfield implementations, and bundled software solutions
- Business case development capabilities: successful vendors use experiences and benchmarks to help clients shape a defined business case, incorporating direct cost reduction and indirect business value from enhanced capabilities and improved processes
- Vertical-centric offerings: successful vendors develop a portfolio of offerings to complement core HANA and S/4HANA capabilities with tailored industry-centric applications, analytics, and edge capabilities
- Geographically diverse delivery team: successful vendors possess onshore resources capable of consulting with clients in initial stages (including migration planning and business case development), coupled with strong offshore migration and application management factories
- Forward thinking vision: successful vendors partner with SAP to understand how SAP intends to evolve core HANA and S/4HANA capabilities and proactively build assets to support; including cloud-hosted S/4HANA and Leonardo.

Key challenges include:

- Clients are engaging IT service vendors to assess the level of effort to migrate to HANA and S/4HANA (including the impact on customer objects and business processes) and develop a business case. These efforts can also include a pilot of S/4HANA for a single business unit. However, due to relatively weak business case results in many cases, these efforts are not converting into full-scale HANA and S/4HANA implementations
- The core S/4HANA offering provides defined functionality, however this may not meet the needs of clients, particularly large enterprise, which currently use customized, industry-tailored processes and technologies. While the core functionality offered by S/4HANA continues to evolve, IT service vendors must supplement with offerings that expand the functionality of S/4HANA and address client-specific needs to facilitate adoption.



## Outlook

The future direction for SAP HANA and S/4HANA services vendors includes:

### Approach and objectives:

- SoH and ECC clients complete replacement of legacy with S/4HANA implementation, reducing custom business processes and simplifying application landscapes prior to the 2025 ECC end of support date
- Cloud based S/4HANA becomes the primary hosting approach to improving business case and provides a foundation on which to build further digital transformation
- Large enterprise adoption is driven by digital transformation objectives and the desire for new functionality such as IoT and machine learning offerings
- Vendors continue to bolt on functionality to core S/4HANA capabilities, but focus on value-add functionality tailored specifically to client industry needs, as the core functionality of S/4HANA expands.

### Benefits:

- Clients use S/4HANA as a foundation to gain access to digital transformation technologies (IoT, machine learning) that expand their business case to increased revenues and improved customer service
- Incremental infrastructure cost saving realized through the use of cloud-hosted S/4HANA.

### Delivery model:

- S/4HANA implementation plan is incorporated as part of a broader digital transformation initiative
- Assessment and roadmapping are primarily completed by automated tools
- Migration factories located primarily offshore accelerate the migration from ECC to S/4HANA
- S/4HANA is primarily hosted on the cloud; either on SAP Cloud or public cloud providers.



## NEAT Methodology for SAP HANA & S/4HANA Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.



### Exhibit 1

#### 'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> <li>Overall HANA &amp; S/4 HANA Capability</li> <li>HANA migration capability</li> <li>S/4 HANA implementation capability</li> <li>Proprietary all-in-ones</li> <li>Proprietary functional extensions</li> <li>Migration tools</li> <li>Ongoing management capabilities</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Breadth of HANA &amp; S/4HANA capabilities</li> <li>HANA &amp; S/4HANA consulting capabilities</li> <li>Functional skilled resources</li> <li>Technical skilled resources</li> <li>N. America HANA &amp; S/4HANA delivery</li> <li>EMEA HANA &amp; S/4HANA delivery</li> <li>APAC HANA &amp; S/4HANA delivery</li> <li>LATAM HANA &amp; S/4HANA delivery</li> </ul>
Presence	<ul style="list-style-type: none"> <li>Scale of operations - Overall</li> <li>Scale of operations - HANA</li> <li>Scale of operations - S/4HANA</li> </ul>
Benefits Achieved	<ul style="list-style-type: none"> <li>End user satisfaction</li> <li>Data visibility</li> <li>Migration success</li> <li>Value for money</li> </ul>

### Exhibit 2

#### 'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Overall Future Commitment to Digital Transformation	<ul style="list-style-type: none"> <li>Financial rating</li> <li>Commitment to S/4HANA</li> <li>Commitment to innovation in S/4HANA services</li> </ul>
Investments in HANA & S/4HANA Capabilities	<ul style="list-style-type: none"> <li>In HANA capabilities</li> <li>In S/4HANA migration capabilities</li> <li>In proprietary offerings</li> <li>In geographic expansion</li> </ul>
Ability to Partner & Evolve Services	<ul style="list-style-type: none"> <li>Key partner</li> <li>Ability to evolve services</li> </ul>



For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](http://research.nelson-hall.com)

#### Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Simon Rodd at [simon.rodd@nelson-hall.com](mailto:simon.rodd@nelson-hall.com)

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