Everest Group®

Everest Group PEAK Matrix® for Software Product Engineering Service Providers 2021

Focus on Infosys

June 2021

Everest Group PEAK MATRIX®

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Background and introduction of the research

The proliferation of software into products, platforms, and processes across all domains has helped unlock new horizons of experience-centricity. Enterprises' software products and platforms are experiencing constant evolution that has led to a multitude of challenges, primarily:

- Developing robust and secure products that are resilient against vulnerabilities and uncertainties such as the COVID-19 pandemic
- Ensuring speed-to-market and differentiation, with user-experience-centered software products
- Keeping pace with ever-evolving software products and changing customer expectations and demand
- Leveraging data to generate new revenue streams and drive efficiency in software product engineering

These challenges have fueled the need to establish a compelling ecosystem of partners, and engineering service providers are actively enhancing their capabilities and offerings to help enterprises tackle these challenges in their software product engineering journey to create experience-centric, secured, and resilient next-generation software products.

This research, the third edition of Everest Group's Software Product Engineering PEAK Matrix® Assessment, evaluates 31 engineering service providers, features them on the PEAK Matrix®, and shares insights on enterprise sourcing considerations. The study is based on RFI responses from service providers, interactions with their software product engineering leadership, client reference checks, and an ongoing analysis of the engineering services market.

The report assesses the following 31 leading engineering service providers featured on the Software Product Engineering PEAK Matrix®:

- **Leaders:** Accenture, Capgemini, Cognizant, HCL Technologies, Infosys, TCS, Tech Mahindra, and Wipro
- **Major Contenders:** Aspire Systems, Brillio, Cybage, EPAM, GlobalLogic, Globant, Happiest Minds, HARMAN Connected Services, Incedo, Infogain, Innominds, Itransition, Mindtree, Mphasis, Persistent Systems, Sonata Software, UST, and Virtusa
- **Aspirants:** Daffodil Software, Dextra Technologies, eInfochips, Intellias, and TO THE NEW

Scope of this report:

Geography
Global

Service providers
31 leading broad-based and pure-play engineering service providers

Services
Software product engineering services

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Software Product Engineering Services PEAK Matrix® characteristics

Leaders:

Accenture, Capgemini, Cognizant, HCL Technologies, Infosys, TCS, Tech Mahindra, and Wipro

- The Leaders segment comprises broad-based IT-heritage engineering service providers who have developed dominant capabilities in offering premium and multi-disciplinary software product engineering services
- Leaders have made considerable investments and have effectively traversed both organic and inorganic growth trajectories to develop strong competence across all the elements of software product engineering value chain
- Their international delivery presence has helped them achieve the right balance of client proximity and cost advantages in servicing large-scale engagements
- These players are extensively focusing on putting their skin in the game and shifting beyond traditional outsourcing models toward emerging engagement constructs, primarily product carve-outs and legacy product management, IP partnerships, and revenue sharing models

Major Contenders:

Aspire Systems, Brillio, Cybage, EPAM, GlobalLogic, Globant, Happiest Minds, HARMAN Connected Services, Incedo, Infogain, Innominds, Itransition, Mindtree, Mphasis, Persistent Systems, Sonata Software, UST, and Virtusa

- Major Contenders comprise both IT-heritage firms as well as pure-play engineering service providers
- These players are actively enhancing expertise in cloud engineering, AI/ML, data & analytics, and agile & DevSecOps through talent enhancement initiatives to develop differentiated offerings and compete with Leaders
- They are also focusing on expanding their delivery presence and leveraging partnerships with hyperscalers, technology firms, and academia to strengthen their presence in software product engineering services

Aspirants:

Daffodil Software, Dextra Technologies, eInfochips, Intellias, and TO THE NEW

- Aspirants possess strong capabilities in specific technology areas and value chain elements, however, their global presence and ability to serve projects with wider scopes is limited
- They are making focused investments for enhancing their solutions portfolio, improving service enablement capabilities, and expanding their footprint and client-base to enter the Major Contenders segment

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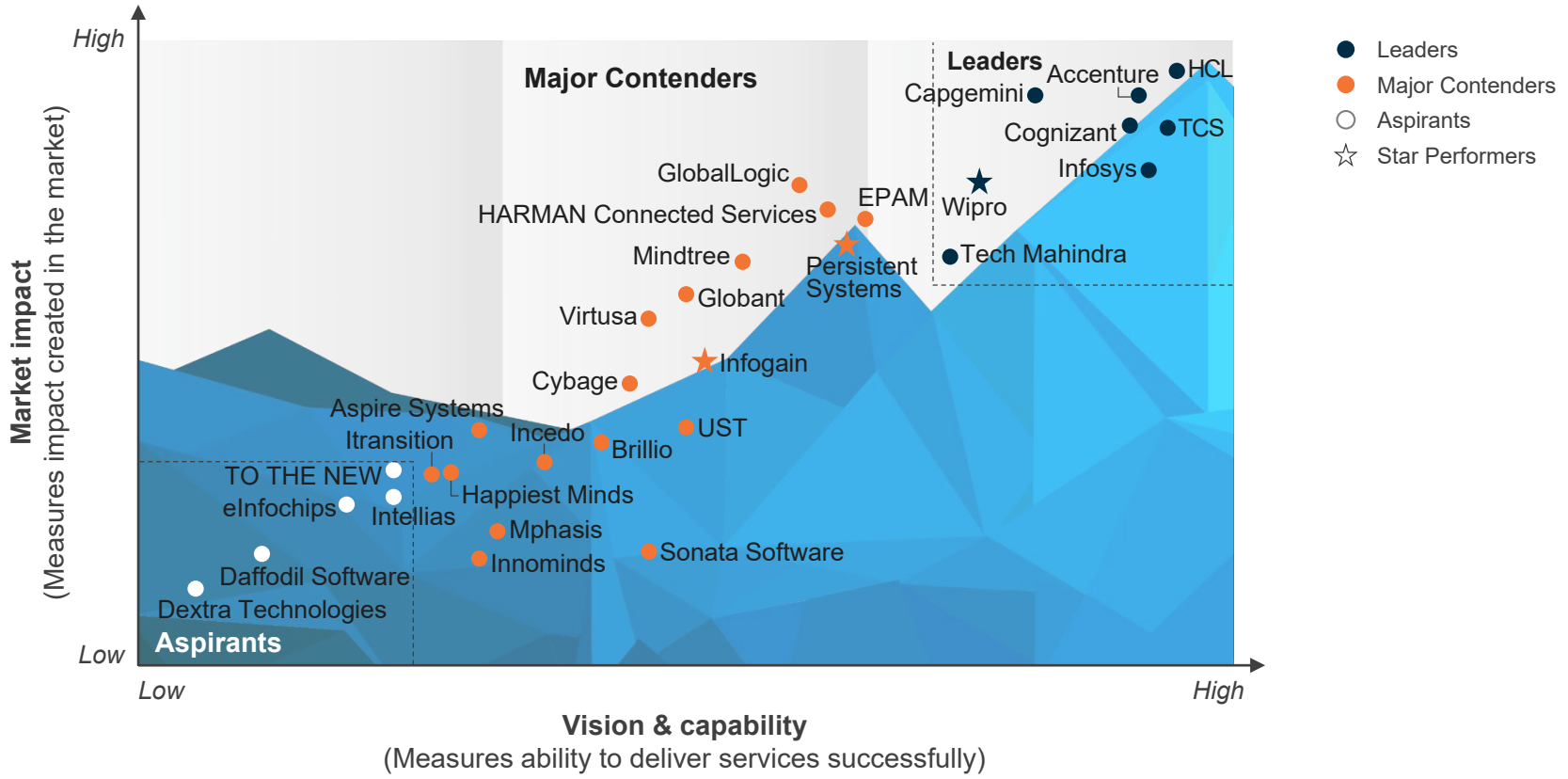
Everest Group PEAK Matrix®

Software Product Engineering Services PEAK Matrix® Assessment 2021 | Infosys positioned as Leader

Everest Group Software Product Engineering Services PEAK Matrix® Assessment 2021[1,2]



1 Assessments for Dextra Technologies, EPAM, Globant, and Virtusa exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interaction with buyers
2 Assessment of Capgemini is inclusive of Altran (part of Capgemini) and reflects their joint capabilities and market impact
Source: Everest Group (2021)

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Everest Group assessment – Leader

Measure of capability: High Low

Market impact				Vision & capability				
Market Adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services	Innovation & investments	Delivery Footprint	Overall

Strengths

- Balanced mix of client portfolio across small, midsized, and large enterprises, spanning all key geographies
- Compelling expertise in cloud engineering that includes a strong portfolio of cloud-native platforms and solutions, focused on delivering cost efficiency to customers
- Superior project management capabilities including effective reporting, documentation, and presentations, and timeline adherence
- Showcases high flexibility in commercial constructs and offers competitive pricing

Limitations

- Needs to better manage attrition and improve its talent retention practices that help ensure the continuity of the engagement and delivery
- Scope for generating greater value for clients by enhancing and leveraging capabilities in next-generation technologies
- Needs to work on driving consistency in talent quality as well as demonstrate proactiveness in filling the identified gap in clients' expectations and required skills

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Overview

Vision & strategy

Infosys envisions to be the most preferred and respected software engineering partner in enabling its clients to navigate their digital transformation journey by leveraging its user-centric solutions, cutting-edge technologies, architectural principles, and modern engineering practices and processes.

Software product engineering services revenue (Oct 2019-Sept 2020)

<US$100 million	US$100-250 million	US$250-500 million	>=US$500 million

YoY growth rate in software product engineering services revenue (Oct 2019-Sept 2020)

<10%	10-20%	20-30%	>=30%

Revenue derived from cloud engineering initiatives (Oct 2019-Sept 2020)

<20%	20-35%	35-50%	>=50%

Adoption by vertical

High (>=20%) Medium (10-25%) Low (<10%)

Automotive	Aerospace & defense	Telecom	Media & entertainment
BFSI	ISV & internet	Storage & compute	Consumer electronics
Medical devices	Energy & utility	Retail	Others

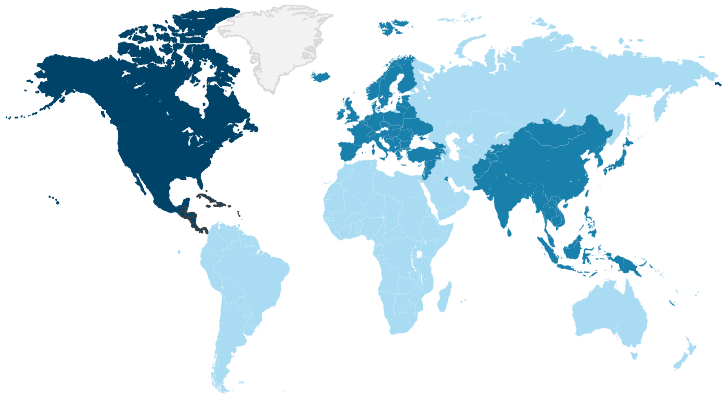
Adoption by value chain element

High (>=30%) Medium (15-30%) Low (<15%)

Ideation & design | Software product development | Testing & certification | Deployment | Software product management

Adoption by geography

High (>=30%) Medium (10-30%) Low (<10%)



Adoption by buyer size

High (>=30%) Medium (15-30%) Low (<15%)

- Small (annual revenue < US$1 billion)
- Medium (annual revenue US$1-5 billion)
- Large (annual revenue US$5-10 billion)
- Very large (annual revenue US$10-20 billion)
- Mega (annual revenue >US$20 billion)

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Case studies and solutions

Case study 1	Helping a US-based healthcare benefits company in cloud transformation of a monolithic product

Business challenge

The client wanted to transform its existing single monolithic on-premise product to become entirely cloud-agnostic in nature.

Solution and impact

Infosys developed the product for cloud-agnostic deployments and automated the whole infrastructure. The services offered were containerized and implemented using horizontal Pod autoscaling. The solution reduced the cost of operations, increased footprint in smaller hospitals, and decreased the onboarding time for new hospitals by 30%.

Case study 2	Developing a product telemetry platform for a leading computer manufacturer

Business challenge

The client wanted to develop a cloud-based product telemetry platform to support devices from different geographies, which could ingest, store, process, and provide insights to business users, application owners, and other stakeholders.

Solution and impact

Infosys built a single telemetry platform to focus on business opportunities rather than building and maintaining a high-volume telemetry platform. The solution required near-zero time to enable deployment for adding new applications to the central platform. The platform supported over 20 client applications, 50 million messages per day, and can be extended to 500 million messages per day per region.

Proprietary solutions (representative list)

Solution	Details
Cloud-native migration platform	A solution used to address technological, commercial, and support requirements of enterprise modernization programs by leveraging open-source technologies
Cobalt platform	A platform that offers a set of services and solutions that can help accelerate the enterprise cloud journey
Cognitive automation platform	A platform that leverages cognitive services and process automation to achieve higher levels of automation
DevOps platform	A centralized and web-based platform for continuous integration, continuous delivery, and continuous testing
K8 platform	An enterprise-grade platform that provides a simple UI workflow to manage Kubernetes clusters in both cloud and on-premise environment
Microservices acceleration platform	A platform that helps achieve greater productivity, higher speed, and good quality in large-scale cloud-native development
Polycloud platform	A multi-cloud and multi-channel enterprise-grade digital backplane architected for scalability and extensibility
Return to workplace solution	An initiative that allows enterprises to develop a detailed plan to sequence and align a sound strategy for their return to office

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Investments and partnerships

Key alliances and partnership (representative list)	
Company	**Details**
Advantech, Cisco, Dell, and HP	An alliance to provide the required infrastructure for IoT edge devices and create basic building blocks for IoT implementation to gather data from various sources
AWS	A partnership to enable joint deployment of cloud solutions and setting up of hybrid DevOps solutions for both lower and higher environments
Atlassian	A collaboration to help clients leverage the highly customizable software development tool – JIRA
Axeda, ILS, and ThingWorx (PTC)	A strategic alliance to enable IoT-based product development for clients in industries such as retail, manufacturing, healthcare, automotive, and energy
CA Technologies, HP, Kony, Mobile Labs, and Pegasystems	A strategic partnership to build new mobile solutions
IBM	An association to support clients with DevOps suite of tools that can be used for build and deployment activities
Microsoft	A partnership to leverage database, middleware, and app/web server suite of products for IoT-based software product and platform development
Pivotal Cloud Foundry	A strategic alliance to leverage PaaS solutions for building containerized applications
WSO2	A partnership to provide clients with a range of middleware technology solutions including API gateway, identity manager, and integration platform

Recent software product engineering services investments/acquisitions (representative list)	
Investment/target	**Company description**
Blue Acorn iCi	Acquisition to augment competency in digital customer experience, commerce, and analytics
Brilliant Basics	Acquisition to build expertise in product design, customer experience, and end-to-end digital business services
Development center	Investment to set up a development center in Eastern Europe and leverage existing programming knowledge to solve clients' business problems
Digital innovation hubs	Investment to launch six technology and innovation hubs in the US to build expertise in new and upcoming technologies
ENCAS and SDC	Investment to develop dedicated units to provide a strategic roadmap to help clients navigate their upcoming products and platform development
Fluido	Acquisition to build Salesforce consulting expertise in CRM, cloud computing, operations management, service management, marketing, application development, and sales
Kaleidoscope Innovation	Acquisition to expand existing capabilities in product design and development across industries such as medical, consumer, and industrial markets
Living labs	Investment to set up a lab leveraging design thinking, technology, and design capabilities to deliver innovative solutions to clients
Wongdoody	Acquisition to strengthen creative, branding, and customer experience capabilities

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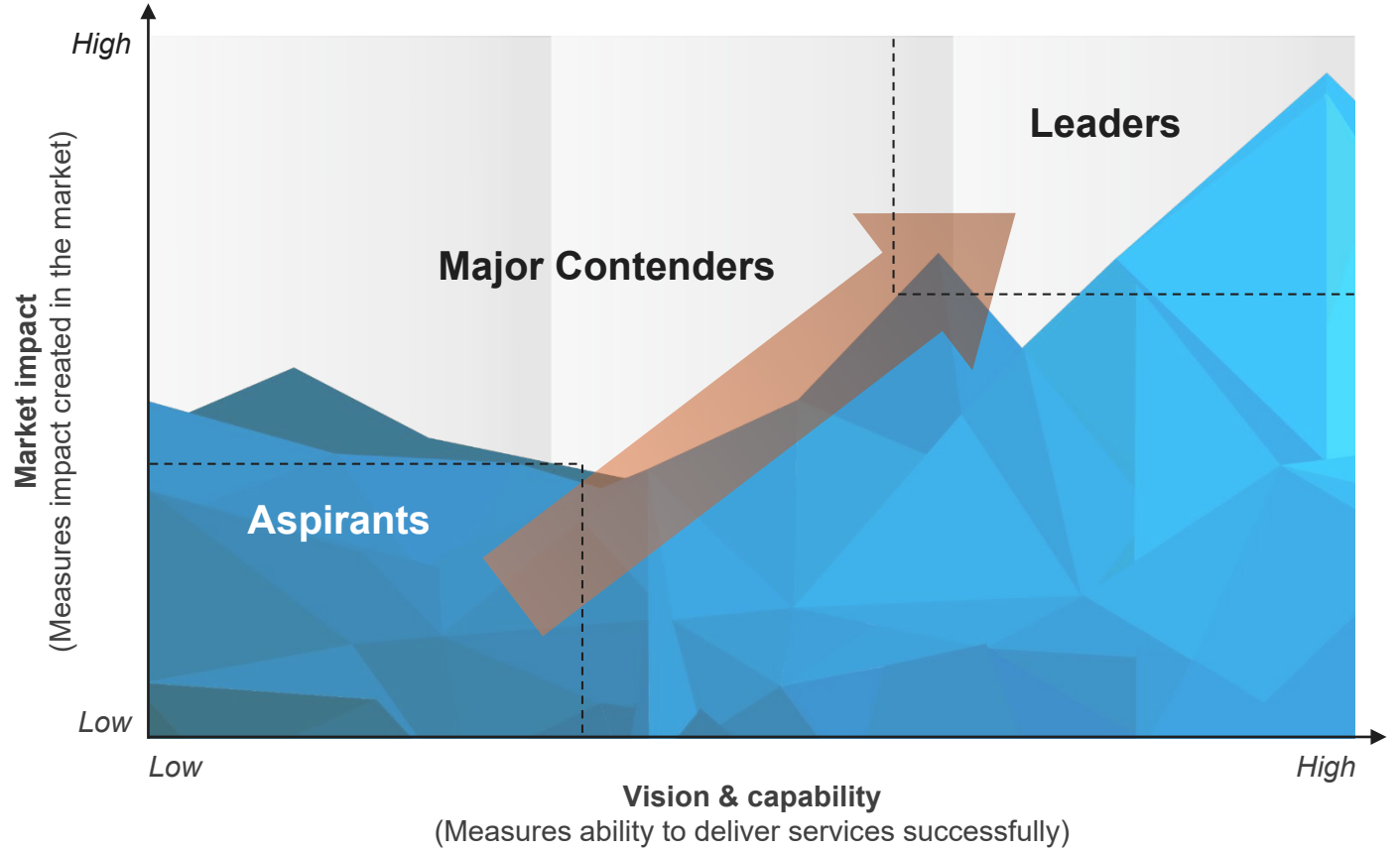
Appendix

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix®



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Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption

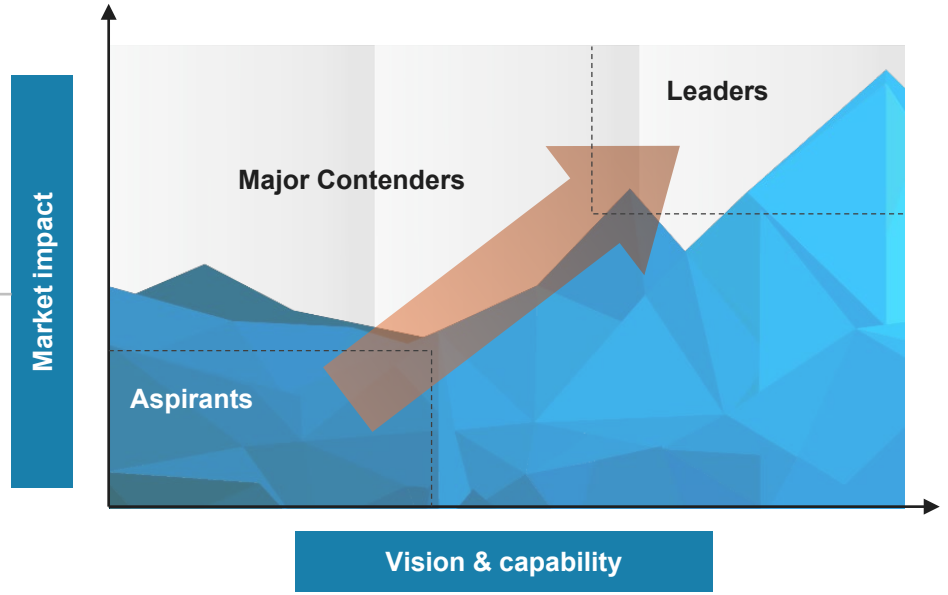
Number of clients, revenue base, YOY growth, new client wins, prominent pricing models, and deal value

Portfolio mix

Diversity of client/revenue base across geographies, verticals and type of clients

Value delivered

Value delivered to the client based on customer feedback and transformational impact



Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy

Vision for the client and itself; future roadmap and strategy

Scope of services offered

Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments

Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, alliances, M&A, and service enablement

Delivery footprint

Delivery footprint and global sourcing mix

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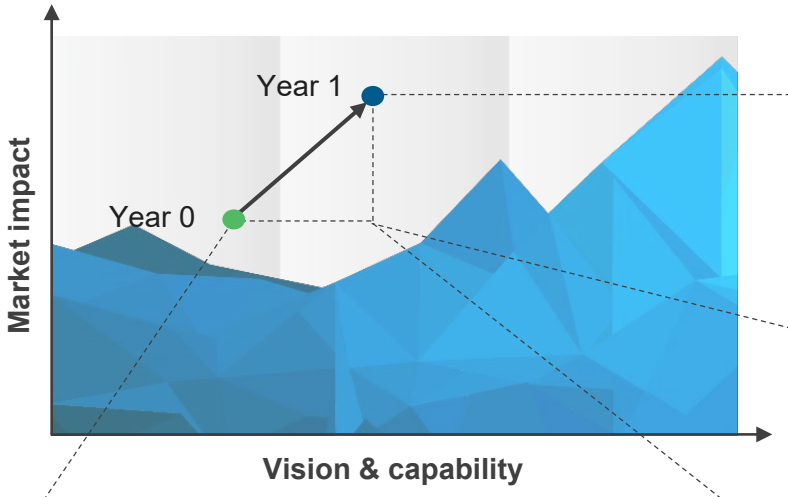
Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix®

Methodology

Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix®



In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:

- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:

- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:

- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

The Star Performers title relates to YOY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

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FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?
A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender," or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
- Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or "Star Performer" status ?
- Providers/vendors can use their PEAK Matrix positioning or "Star Performer" rating in multiple ways including:
  - Issue a press release declaring their positioning. See citation policies
  - Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  - Quotes from Everest Group analysts could be disseminated to the media
  - Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

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