



IDC MarketScape

# IDC MarketScape Excerpt: Worldwide Oil and Gas Professional Services 2014 Vendor Assessment

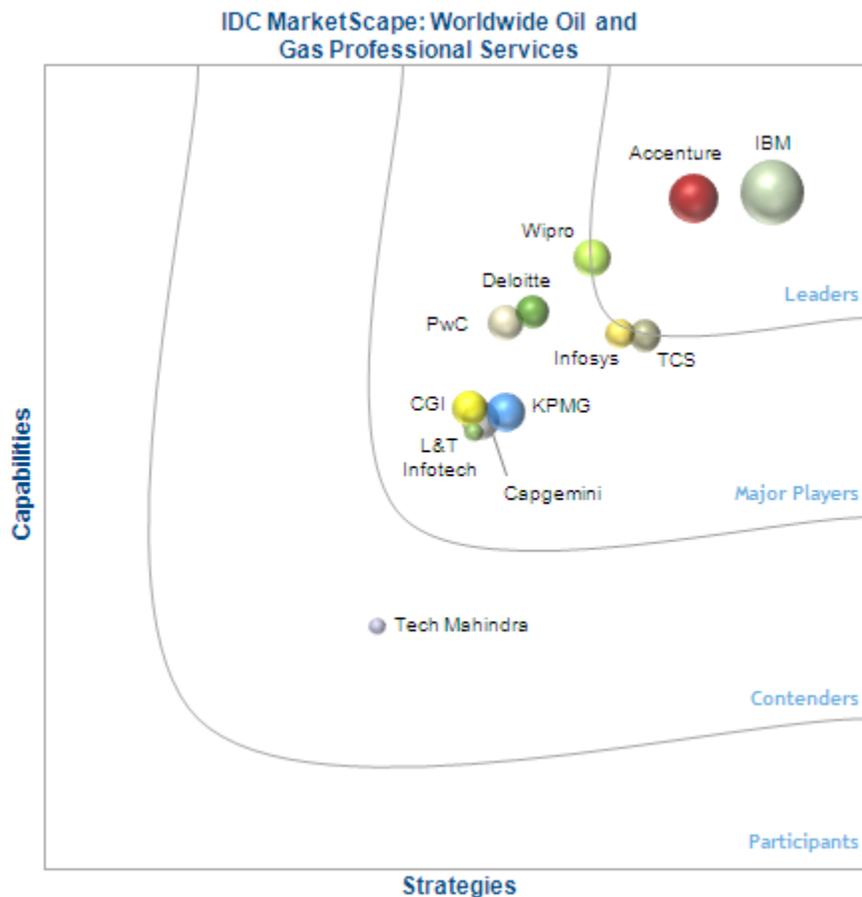
Jill Feblowitz

THIS IDC MARKETSCAPE EXCERPT FEATURES: WIPRO

## IDC MARKETSCAPE FIGURE

FIGURE 1

### IDC MarketScape Worldwide Oil and Gas Professional Services Vendor Assessment



Source: IDC Energy Insights, 2014

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

## IN THIS EXCERPT

---

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Oil and Gas Professional Services 2014 Vendor Assessment (Doc # EI249425). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

---

A new cost consciousness has oil and gas (O&G) companies looking to professional services firms to help them reduce costs. This does not mean, however, oil and gas companies are willing to sacrifice quality or abandon innovation. Majors and supermajors have set the bar high for their service providers to have oil and gas subject matter expertise. National oil companies look to their providers to help them follow the best practices in the industry and tap local talent. Oilfield services companies ask their service providers to develop new products built on 3rd Platform technologies. These are tall orders for an industry that experiences a gap between entry-level and seasoned experts that will not be easy to close. This IDC MarketScape is intended to provide oil and gas companies with insight into the current capabilities and future strategies of professional service firms and guidance on how to approach building a stable of trusted service providers. In detail:

- The demand and market for professional service firms in oil and gas continues to grow at a healthy pace.
- Leaders in professional services in oil and gas have a commitment to the oil and gas industry that is backed at the executive level of their companies. This is demonstrated through investment in research and development, oil and gas centers of excellence in major oil and gas hubs, and oil and gas subject matter experts. Leaders are viewed as trusted advisors that work with their clients and other service providers in the oil and gas ecosystem to drive innovation.
- A substantial stable of major players have had impressive growth over the past two years. Of note are firms that were once considered commodity IT players that are now moving into more business-critical areas such as petro-technical application and data management.

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

---

IDC collected and analyzed data on 12 professional service firms. While the market arena for professional services is very broad and there are many suppliers that offer these services, IDC narrowed down the field of players that participate based on the following criteria:

- **Service capability.** Each service provider must have an established reputation working in the oil and gas industry, with revenue from at least two of the following services that are geared specifically to oil and gas: business consulting, IT consulting, systems integration, IT outsourcing, and business process outsourcing.

- **Solutions for oil and gas.** Firms must establish that they have a variety of "solutions" that are unique and specific in the oil and gas industry. Firms that have only one solution are not considered (refer to Table 4 for a list of solutions considered in this report).
- **Geographic presence.** Firms must have presence delivering services to O&G companies in multiple regions (Asia/Pacific, Western Europe, Central and Eastern Europe, North America, Latin America, and Middle East and Africa).

## ESSENTIAL BUYER GUIDANCE

---

This IDC MarketScape is a starting point to guide oil and gas companies in their selection of service providers. For most oil and gas companies, the selection will be primarily based on what these firms can do to improve performance, achieve IT-enabled business benefits, and reduce costs. For this industry that means speeding time to first oil, mitigating drilling risk, optimizing production, adapting to new delivery channels, hedging risks, leveraging opportunities in the commodities market, preventing accidents, streamlining refining, and serving the retail customer. For oilfield services companies, there is an added dimension – co-innovating to deliver IT-enabled services to the owners/operators that are their customers.

Oil and gas companies should pay particular attention to the following decision factors:

- Determine which attributes are most important in project-related initiatives and in ongoing services. Depending on the assignment, the level of importance will vary for the need for oil and gas expertise and experience, knowledge of local regulations, value/cost, geographic coverage, bench for handling niche oil and gas applications, and petro-technical data. Attributes that are consistently important are security and protection of information and excellence in meeting service-level agreements and timelines.
- Technical complexity in the O&G sector has increased and will continue to do so in the next few years with the further digitization of the industry and new techniques for the pursuit of unconventional resources. Look for demonstrated experience in deploying Big Data and analytics to support business objectives.
- Leading oil and gas companies are pushing their professional services firms to help them innovate. Set clear expectations on the type of innovation you expect. Evaluate vendor performance on how well the vendor is able to work with you or other service providers to delivering innovation.
- Look for vendors that are able to deliver repeatable solutions to your company but still accommodate your unique requirements. A vendor that can demonstrate experience with only one customer may not be able to translate that to your company easily. Ask to understand what commitment the service provider has made to investing in templating the solutions.
- Ask vendors to show you how they have helped their customers reduce the cost of IT. Cloud-based services are one way to achieve cost reduction and reduce capital investment. In addition, vendors should be able to help automate processes or provide templates to speed implementation.

## VENDOR SUMMARY PROFILE

---

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

### Wipro – Taking on the Value Chain

With the acquisition of SAIC's Oil and Gas practice in 2011 for approximately \$150 million came an oil and gas business in technical application management, technical data management, and digital oilfield, plus 1,450 employees. While complementing Wipro's downstream business, this acquisition added depth in the upstream and scale to consulting. Since that time, Wipro has integrated the acquisition and continues to grow its business; it ranks in the top 4 of firms reviewed in this report in revenue associated with oil and gas. Wipro is rated as a Major Player in this IDC MarketScape.

While its stable of experts is impressive, Wipro continues to build domain expertise. The company is preparing for the future by concentrating on development of local domain experts in conjunction with its oil and gas clients in the Middle East, Canada, Australia, and other growth markets. When this type of development is targeted to low-cost labor areas, the client gets a combination of local "content" and lower cost resources with a blend of domain and functional expertise. Development of local resources is also part of Wipro's growth strategy.

Wipro leverages partnerships for innovation and product development. Currently in development is an SAP HANA-based data analytics for production data. Of note is a solution developed in partnership with Cisco for rapid wireless connectivity of rigs for the unconventional environment. Wipro provides program management and network architecture. Partnerships go beyond innovation and production development. For example, Schlumberger SIS and Wipro jointly market SIS products in combination with Wipro services. To the buyers of the technology – oil and gas owners/operators – this is attractive as it establishes a level of trust that Wipro understands how to support these products.

For the future, Wipro is enhancing the way it organizes to deliver client services, as well as sales and marketing. Wipro has established a global P&L for oil and gas to ensure that there are no complications with the local regions and for global consistency. A service catalogue will ensure that appropriate resources are assigned appropriate to the tasks. There are domain oil and gas services in ETRM, HSE, upstream, downstream, pipelines, capital projects, LNG, and EAM. The matrix also includes "horizontal" technology services in ERP, BPO, testing, and infrastructure services.

### Strengths

Wipro is highly regarded in the industry for its domain expertise, especially in upstream. Experience in application development and maintenance of petro-technical applications and strategic alliances, such as the one with Schlumberger, has given Wipro a "leg up" in technical data management and an understanding of upstream workflows. For example, Wipro is currently acting as the PMO for a project to standardize subsurface and reservoir development processes across multiple regions for one major oil and gas company.

Having now fully integrated the SAIC acquisition, Wipro has a strong and well-articulated set of product offerings supported by marketing. The "marriage" has also brought cloud enablement in support of ETRM (test assurance services, knowledge process outsourcing), upstream production analytics, security (identity access management, secure file transfer), and customer analytics.

## Challenges

Wipro has established its position in the oil and gas industry, especially with its major clients where it is a preferred provider. As the reorganization becomes established, there will be means to execute on a growth strategy. Oil and gas is a fast-moving business, so Wipro, like other firms, must stay ahead of where the business is going. This also means development of a well-articulated growth strategy.

## APPENDIX

---

### Situation Overview

As it becomes more expensive to pursue resources in the face of stable oil prices, the oil and gas industry is looking to streamline operations. Even leaders that have the strongest asset bases know that they need to make changes in order to maintain position. According to the president of Total, "Costs to develop have increased dramatically since 2005, Total's ROCE dropped from 16% in 2012 to 13% in 2013." As Shell CEO says, "We need a tighter grip on performance."

This new cost consciousness has oil and gas companies looking to professional services firms to help them reduce costs. BP led the way in reducing IT costs when it executed on a strategy to outsource 65% of its annual IT opex in 2009 to reduce costs and streamline operations. Most of these cost reductions came from reducing the number of providers in the stable and implementing cost reduction strategies in "generic" IT. Now oil and gas-specific deployment of solutions and services are under consideration for streamlining the business as well as reducing IT and engineering support costs.

That said, value still takes priority over cost on high-value projects and ongoing services. The majors and supermajors have set the bar high for their service providers to have oil and gas subject matter expertise. National oil companies look to their providers to help them follow the best practices in the industry. Providers must also use local partners and develop local talent. These are tall orders for an industry that experiences a gap between entry-level and seasoned experts that will not be easy to close.

Professional service firms are rising to the occasion deepening their capabilities in upstream, midstream, downstream, and retail, offering solutions that address industry business objectives and services such as application development and maintenance of petro-technical applications. Even service providers relatively new to oil and gas IT have developed oil and gas-specific solutions and invested in hiring and growing oil and gas talent.

## *The Size of the Market*

The market for professional services in the oil and gas industry is significant. According to IDC Energy Insights' Worldwide Oil and Gas IT Spending Guide, the global market for IT services to the O&G industry totaled \$15.1 billion in 2013. IT services is expected to grow to \$19.1 billion in 2017 at a CAGR of 6%. The market for business process outsourcing is not included in this estimate.

## **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 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 go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

## *What Makes a Leader*

Leaders in professional services in oil and gas have a commitment to the oil and gas industry that is backed at the executive level of their companies. This is demonstrated through investment in research and development, oil and gas centers of excellence in major oil and gas hubs, and oil and gas subject-matter experts. Leaders are viewed as trusted advisors that work with their clients and other service providers in the oil and gas ecosystem to drive innovation. Providers have a set of well-developed solutions that are specific to oil and gas, a stable of experts in oil and gas industry disciplines and with extensive experience working in oil and gas business-related IT, a strong set of disciplines to enable the global workforce at the firm to access a common set of best practices, and demonstrated capabilities in incorporating 3rd Platform technologies into their services.

## *Major Players Continue to Advance*

A substantial stable of major players have had impressive growth over the past two years. Of note are firms that were once considered commodity IT players that are now moving into more business-critical areas such as petro-technical application and data management. These players are extending their reach into new geographies and establishing oil and gas centers of excellence to support sales and marketing, as well as client innovation, and deliver a combination of horizontal (supply chain, ERP) and vertical (energy trading and risk management, production optimization, petro-technical data management, capital project management) services to the oil and gas industry. Later entrants to the

market have engineering capabilities but need to demonstrate how effectively they can bring expertise to IT-related project-based and services work.

## 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 a review board 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, behavior, and capability.

## Market Definition

For this IDC MarketScape, IDC Energy Insights is reviewing professional services firms that are providing the following services to the upstream, midstream, downstream, and trading segments of the O&G industry:

- **Business consulting.** Business consulting involves advisory and implementation services related to management issues. It often includes defining an organization's strategy and goals and designing and implementing the structures and business processes that help the organization reach its goals. Business consulting includes three main areas: strategy consulting, operational improvement consulting, and change and organization consulting.
- **IT consulting.** IT consulting services includes advisory services around information technology. Examples of IT consulting include evaluating an IS organization's help desk operation or determining the best technology to meet a company's order fulfillment process. IT consulting can also include product-specific consulting.
- **Systems integration (SI).** SI services include the planning, design, implementation, and project management of a solution that addresses a customer's specific technical or business needs. SI involves systems and custom application development, as well as implementation and integration of enterprise packaged software. A SI contract is a large-scale project contract. Contracts for systems integration can range from a few hundred thousand dollars to tens of millions of dollars depending on the extent of the project.
- **IT outsourcing.** IT outsourcing services involves a long-term, contractual arrangement in which a service provider takes ownership of and responsibility for managing all or part of a client's IS infrastructure and operations. These are broad engagements that typically include responsibility for the systems, network, and application components of the IS infrastructure.
- **Business process outsourcing.** Business process outsourcing services involves a long-term, contractual arrangement in which a service provider takes over the entire process, including running this process on its own hardware and software as well as delivering services. Typically, BPO contracts support outsourced finance and accounting, procurement, and customer service.

The O&G industry has traditionally built many of its own applications, so this report also covers what is known in the industry as application development and management (ADM). Most network services are provided by companies from the telecommunication sector. These services and those firms that provide them are not included in this report.

## LEARN MORE

---

### Related Research

- *Business Strategy: IDC MaturityScape Benchmark – Big Data and Analytics in Oil and Gas in North America* (IDC Energy Insights #EI246850, February 2014)
- *Worldwide Oil and Gas 2014 Top 10 Predictions* (IDC Energy Insights #EI246250, February 2014)
- *Middle East and Africa Oil and Gas Sector Top 10 IT Predictions, 2014* (IDC Energy Insights #CEMA20772, February 2014)
- *Pivot Table: Worldwide Oil and Gas Industry IT Spending Guide, 2012-2017, Version 1, 2013* (IDC Energy Insights #EI245577, December 2013)

### Synopsis

This IDC Energy Insights report represents a vendor assessment of providers offering professional services to the oil and gas industry through the IDC MarketScape model. The assessment reviews both quantitative and qualitative characteristics that define current market demands and expected buyer needs for professional services. The evaluation is based on a comprehensive and rigorous framework that assesses how each vendor stacks up to one another, and the framework highlights the key factors that are expected to be the most significant for achieving success over the short term and the long term. Emphasis is IT related over tax or straight strategy advisory. As the fastest-growing and largest area of investment, upstream is emphasized; midstream, refining, energy trading, and retail are also considered.

"Leading oil and gas companies will be looking to their service providers to help them innovate and improve their performance in the coming years," according to Jill Febowitz, vice president, IDC Energy Insights, Oil and Gas. "The good news is that professional services firms have made great strides in building their oil and gas-specific capabilities in the past two years."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

## Global Headquarters

5 Speen Street  
Framingham, MA 01701  
USA  
508.935.4400  
Twitter: @IDC  
[idc-insights-community.com](http://idc-insights-community.com)  
[www.idc.com](http://www.idc.com)

---

### Copyright Notice

Copyright 2014 IDC Energy Insights. Reproduction without written permission is completely forbidden. External Publication of IDC Energy Insights Information and Data: Any IDC Energy Insights information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Energy Insights Vice President. A draft of the proposed document should accompany any such request. IDC Energy Insights reserves the right to deny approval of external usage for any reason.

