IDC MarketScape

IDC MarketScape: Worldwide Manufacturing Service Life-Cycle Management SI/BPO 2015 Vendor Assessment
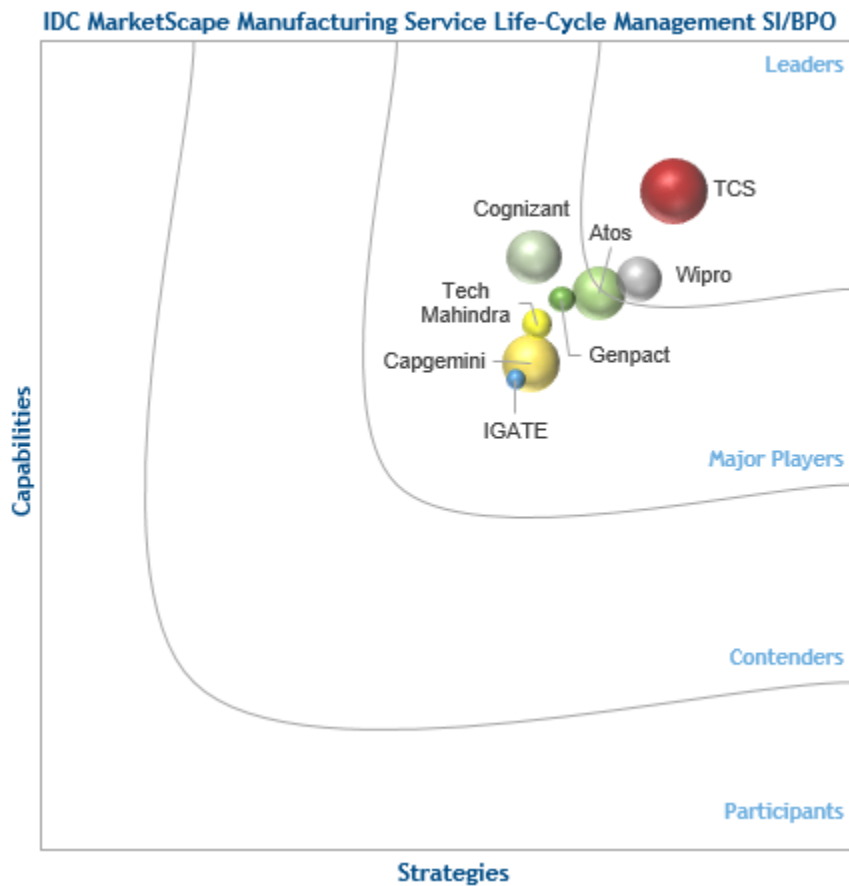
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THIS IDC MARKETSCAPE EXCERPT FEATURES: WIPRO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Manufacturing Service Life-Cycle Management SI/BPO Vendor Assessment

Source: IDC Manufacturing Insights, 2015

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 Manufacturing Service Life-Cycle Management SI/BPO 2015 Vendor Assessment (Doc #MI259305). 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

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the IT systems integration (SI) and business process outsourcing (BPO) for service life-cycle management (SLM) marketplace and help assess current and anticipated performance in the marketplace. A companion to this report is *IDC MarketScape: Worldwide Manufacturing Service Life-Cycle Management Strategic Consulting 2015 Vendor Assessment* (forthcoming). This study assesses the capability and business strategy of eight of the key IT services providers for SLM systems integration and business process outsourcing. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing SI/BPO services for SLM both in the short term and in the long term. Key findings include:

- SLM, as defined in this report, includes customer support, call center, field service management, service parts information/documentation, spare parts inventory, service scheduling, and warranty.
- While all of the eight vendors included in this IDC MarketScape bring notable capability to the space, they offer varying approaches to SLM and its subcategories.
- Manufacturers vary in their approach to engaging with service providers for SLM initiatives, and projects range from assessments to full process outsourcing. Those vendors that can deliver across the portfolio of services are positioned to gain a larger market share.
- SLM service providers have invested in delivery centers on a global scale to match customer needs and support SLM projects that incorporate 3rd Platform technologies like cloud, mobile, analytics, and social as well as innovation accelerators including IoT.
- The criteria used in the systems integration/business process outsourcing vendors for SLM in manufacturing IDC MarketScape (and the resulting position in Figure 1) are across dual dimensions of strategy (future plans and where the vendor is headed) and capability (where the vendor is today in terms of capabilities). Each of the elements within strategy and capability is then assigned a weighting based on the relative importance of each criterion in the opinion of IDC Manufacturing Insights and feedback from manufacturing customers.
- Across the vendors included in this report, there are some differences in experience by subindustry and delivery approach, and as manufacturers evaluate different services, it can be useful to understand where a particular vendor has direct subindustry experience and how the vendor locates resources.

- This IDC MarketScape is a starting point for manufacturers that are evaluating IT services vendors for help with SLM projects. It is a "short list," if you will – a way to initially winnow down the long list of providers that exist in the marketplace. It does not replace the "due diligence" that companies must then complete to select the ultimate vendor for assistance in an SLM initiative.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

Service life-cycle management is a broad topic and still evolving in maturity as an adopted practice by manufacturers worldwide. For the purposes of this IDC MarketScape, and any subsequent research on the topic from IDC Manufacturing Insights, we are defining SLM as the process of servicing a manufactured product throughout its lifetime. This includes customer support, service request, service planning, service execution and field service, spare parts management, service information management, warranty management, and recalls.

There are dozens of IT service providers that offer systems integration and/or business process outsourcing for any number of the processes for SLM listed previously. For the purposes of this IDC MarketScape, we are focusing on the notable players with annual revenue of at least $1 billion that offer systems integration, application development, maintenance, and/or BPO for a portfolio of SLM processes at a customer site or support other product development processes on an ongoing basis.

It is important to note that not accepting inclusion in the IDC MarketScape does not imply a lack of capability; there are many reasons for not participating, including simply lack of resources to complete the RFI or conduct a briefing. Those companies that accept our invitation to participate often do so because this technology area is of certain strength to them.

ESSENTIAL BUYER GUIDANCE

- **Understand how the services providers structure their interactions and populate the project teams.** In countless interviews with manufacturers, there was consistent advice to ensure that the way the services firm balanced onshore needs with offshore resources matched what the manufacturer needed. This approach varies by services provider, and it is worth an extensive discussion up front to be certain the right expectations are established to support the initiative. Along the same lines, understanding the level of expertise and even identifying the key team members at the outset will support ultimate success.

- **Pay attention to industry-specific domain knowledge.** Within SLM practices, services providers have built deep industry expertise across certain business processes, whether they are spare parts management or warranty analytics. This combination of industry-specific needs and deep process understanding enables them to identify and recommend "best practices" that are industry specific. Therefore, understanding how the services provider addresses the business process within your industry segment is essential.

- **Evaluate depth and experience within specific SLM categories.** While all of the vendors in this IDC MarketScape exhibited very good to excellent breadth of experience across SLM categories, across a given category, many of them have only completed 2-3 projects in the past several years versus the gold standard of more than 10 in a given category. Manufacturers we interviewed cautioned prospective customers to understand the level of experience in a given category and avoid the dangers of "learning on the job" that can come with relative inexperience in a specific SLM category. Of course, with emerging categories

such as connected service through IoT, it is understandable there will be some greenfield efforts necessary. In these cases, consider how to work with the services provider to craft an arrangement that reflects the learning curve. Gainshare and shared-IP models have both been favorable options.

- ▪ **Understand the delivery infrastructure the services provider offers.** Given the global nature of most manufacturers' businesses, and the potential for many SLM projects to span geographies, it is important to understand what resources services providers have located in each region, including delivery centers and domain-specific FTEs. In addition, a number of services providers have built centers of excellence (COE) around various SLM domains, and manufacturers should see these COEs as an important complement to their SLM initiatives, especially in emerging areas such as IoT and connected products.

- ▪ **Use this IDC MarketScape for vendor evaluation.** Use this IDC MarketScape in contract negotiations and as a tool to not only short list vendors for SLM service bids but also evaluate vendors' proposals and oral presentations.

VENDOR SUMMARY PROFILES

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 each vendor's strengths and challenges.

Wipro

Wipro Ltd. (NYSE: WIT) is positioned as a Leader in this worldwide manufacturing service life-cycle management SI/BPO 2015 IDC MarketScape.

Wipro is a global information technology, consulting, and outsourcing company with headquarters in Bangalore, India, and a presence in 61 countries. Founded in 1945, Wipro employs 158,217 people, of which 19,925 serve its 342 manufacturing clients through 38 delivery centers globally, with 25% of revenue coming from manufacturing clients and 10% of that revenue the result of SLM-related engagements. Wipro customers span manufacturing segments, but the three top segments are high tech, automotive, and farm, construction, and industrial machinery. North America is a key geography for Wipro, followed by Europe, and the majority of manufacturing clients have revenue of greater than $1 billion.

While Wipro has been addressing the SLM market for more than a decade, the company made a strategic move four years ago and created a separate unit within Wipro Manufacturing and High Tech business focused on service transformation. In addition to creating an Aftermarket Service Transformation practice with more than 3,000 FTEs that understand how to deliver service as a process, Wipro created a Connected Equipment/IoT Platform that is patent pending. The company then established a partner ecosystem with niche players across the most important technology areas and a joint go-to-market strategy. Wipro Looking Glass is an Industrial Internet Platform designed to decrease service and warranty costs.

Strengths

Wipro's investment in service transformation and strategic shift toward supporting product-service systems with an architected platform that can help manufacturers more quickly start a connected service project is a significant strength. The company has more than 100 projects across SLM processes, and it offers a good mix of BPO and SI/BPO services. The company's strong ecosystem

approach that leverages technology from SLM and IoT pioneers Axeda, Software AG, and Neo reinforces its service transformation approach. Customers were impressed with Wipro's industry-specific knowledge and technical skills.

Challenges

Among the challenges that Wipro faces is one that pervades this industry segment. IDC has observed that inconsistency of project execution between onshore and offshore teams is an area of improvement across many of the service providers. While overall Wipro has delivered higher customer satisfaction, it needs to improve on project execution to deliver consistent delivery across onshore and offshore teams.

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 to 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 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.

For the manufacturing service life-cycle management SI/BPO IDC MarketScape, because we are evaluating the top 8 vendors in terms of market share and presence, all of the vendors ended up within either the "Major Players" or the "Leaders" segment of the chart (refer back to Figure 1). While SLM as an end-to-end practice within manufacturing organizations is still an evolving focus, these 8 vendors have all demonstrated depth of experience with F1000 companies in this area. And while we have outlined some of the differences of offerings and strengths within the individual vendor profiles, IDC Manufacturing Insights would not hesitate to recommend any of them to a manufacturer evaluating this space.

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 Overview

IDC expects that the total IT services market will continue to grow at double-digit rates over the next five years, with an average annual growth rate of 12%. The market for IT services related to SLM in manufacturing is expected to slightly outpace that growth rate, and IDC Manufacturing Insights estimates it to be approximately $1.12 billion in 2015.

LEARN MORE

Related Research

- *Perspective: A Primer for the "Connected" Products and Services Landscape of Manufacturing* (IDC Manufacturing Insights #MI258156, August 2015)

- *IDC PlanScape: Transforming Service Through Connected Products* (IDC #256993, June 2015)

- *Methods and Practices: 2015 Product and Service Innovation Survey - Ensuring Quality Is the Primary Goal* (IDC Manufacturing Insights #MI256998, June 2015)

- *IDC FutureScape: Worldwide Manufacturing 2015 Predictions - Changing the Industry with Technology* (IDC #253305, December 2014)

Synopsis

This IDC Manufacturing Insights report uses the IDC MarketScape model to provide an assessment of a number of services providers participating in the worldwide service life-cycle management systems integration and business process outsourcing market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in a given market during both the short term and the long term.

"Service life-cycle management is increasingly an area of focus for manufacturers as they seek to grow profits and revenue from more favorable aftermarket services and therefore are looking to optimize the business processes that support them. With the rise of connected products, service life-cycle management becomes even more of a growth opportunity for manufacturers, and seeking out IT services providers in the areas of systems integration and business process outsourcing to facilitate this is becoming necessary to move more quickly for market advantage," says Heather Ashton, research manager for IDC Manufacturing Insights' Service Innovation and Connected Products Strategies Practice.

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.

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