IDC MarketScape: Worldwide Oil and Gas Professional Services 2016 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES: WIPRO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Oil and Gas Professional Services Vendor Assessment

Source: IDC, 2016

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 2016 Vendor Assessment (Doc #US40842116). 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

The oil and gas (O&G) industry is going through a major transformation that will ultimately redefine the energy business across the globe. Top challenges in the market include low oil prices and the worldwide fear of hydrocarbon extraction causing global warming; reserve replenishment; high costs of exploration and production (E&P); health, safety, and environmental (HSE) considerations; and the challenges for improving efficiencies. To deal with these challenges, oil and gas companies' management must take action to control investments and costs in the short term while preparing themselves to respond to external environmental, political, and societal pressures. The challenges are daunting, and as one major oil and gas information technology (IT) buyer remarked, "We are looking to our preferred service partners for big ideas and innovation to help stop the bleeding." It is critical for oil and gas companies to restructure and transform their business to be more agile and eliminate costs while also investing in new technologies and approaches, if they see immediate payback. These issues are so critical that many oil and gas companies are expediting their digital transformation journey to be able to rapidly adapt to change and survive in the future. 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:

- A few oil-rich nations are driving oil and gas companies to become more operationally effective, efficient, and resilient to survive, forcing them to rapidly adopt digital transformation strategies, platforms, and other technologies and software solutions to rapidly manage change.

- Professional services leaders in oil and gas have a commitment to the energy industry that is backed by the highest level of executives at their companies. This is demonstrated by their investments in R&D, oil and gas centers of excellence (COEs) in major oil and gas hubs, and the number of specific subject matter experts like geologists and petroleum engineers. Leaders are viewed as trusted advisors that work closely with clients to drive operational excellence and innovation in the oil and gas ecosystem and are relying more on domain and transformational consulting expertise to help make a difference.

- Oil and gas companies indicate that their top strategic IT initiatives for dealing with low oil prices include IT and application modernization and process improvements, automation where possible, and applying manufacturing techniques and digital transformation in the form of Big Data and analytics, cloud, and mobility.

- A number of professional services vendors continue to make substantial investments in their oil and gas practices to grow their resources, acquire and grow domain expertise, and focus in core areas to be the best. One large oil and gas IT professional made the observation that he believes that every company on this list could do the work required, and his company usually selects more than one vendor for large initiatives because each vendor has its own unique

capabilities, and it is important to pick best-of-breed vendor(s) for each set of project requirements.

- The two giants in the industry emerged solidly in the leadership circle, but there are several large vendors that are seriously challenging their positions. These next two years are going to be critical for O&G companies to make the digital transformation, and they will work with the vendors with proven track records and innovative technologies.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC collected and analyzed data based on 30+ interviews of multiple major and large oil and gas companies, oilfield services, and manufacturers of oilfield equipment, as well as vendor briefings and other research information. 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 and preferably more of the following services that are geared specifically to oil and gas: business and management consulting, IT consulting, systems integration (SI), 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 study).
- **Geographic presence.** Firms must have presence delivering services to O&G companies in more than one region (preferably multiple in Asia/Pacific, Western Europe, Central and Eastern Europe, North America, Latin America, and/or 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 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, adhering to HSE and compliance, hedging risks, leveraging opportunities in the commodities market, preventing accidents, streamlining refining, serving the retail customer, and achieving operations excellence in the oilfield.

Oil and gas companies expect their vendors to become a more strategic partner and know their business, provide deep domain expertise as well as technical skills and work closely with the client's team, and assume more responsibility including more domain-specific projects. Oil and gas companies plan to keep some such individuals with deep oil and gas knowledge combined with IT skills during and after project completion in management positions for program and project management.

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

- The fact that oil and gas companies are looking to their preferred vendor "partners" to assume more responsibility and risk and even manage domain-specific activities is new for them and is a strong indicator that oil and gas companies are being more aggressive and innovative about how they make decisions and run their businesses based on information.

- Determine business objectives, strategies, and key metrics first and 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 domain expertise, technical skills 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 include drilling and production statistics, reserve replenishments, allocations, HSE compliance requirements, security and protection of information, and excellence in meeting service-level agreements and timelines.

- The complexity of technologies used 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. Innovation also includes 3rd Platform initiatives like Big Data and analytics, cloud, automation, and mobility. Look for demonstrated experience in digital transformation and 3rd Platform technologies.

- Expertise and approaches will vary for developing solutions involving data management oilfield initiatives like Internet of Things (IoT) and connectivity, real-time drilling and production, data lakes, GIS, master data management (MDM), OSI PI data, and other unstructured data types that can all provide valuable information, depending on the business objectives to be achieved and the analytics (including advanced, modeling, simulation, and cognitive) that is applied.

- 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 deliver innovation. Innovation also includes new approaches like assembly line oil well production with just-in-time delivery of resources and supplies (manufacturing techniques).

- While most companies want to move quickly to innovation, many companies must first modernize their IT environment and refine processes between systems and departments in order to provide clean and usable data in an efficient and accurate manner to the right people, at the right time.

- Look for vendors with experience in your desired initiative that are able to deliver repeatable solutions to your company but still customize 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.

- Benchmark vendors to understand 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 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. Table 1 provides a snapshot of the vendors reviewed including main geographies, key customers, key solution and services for oil and gas, primary sources of oil and gas revenue, and what IDC Energy Insights believes to be particularly noteworthy. The vendors included in this IDC MarketScape are:

- Accenture

- KPMG
- IBM
- Infosys
- L&T Infotech (LTI)
- TCS
- Tech Mahindra
- Wipro
- Capgemini
- EY
- CGI
- Deloitte
- PwC

TABLE 1

Snapshot of Oil and Gas Professional Services Firms

Service Provider	Oil and Gas Geographies	Notable Oil and Gas Industry Business and IT Consulting Project-Based Solutions	Notable Oil and Gas Industry Outsourcing Services	Top Revenue Generators for Oil and Gas	Additional Notes
Wipro	North America, Western Europe, Middle East, India, Africa, Asia/Pacific, Latin America, Australia, and Central Europe	Upstream data management, hydrocarbon accounting, upstream integrated operations, real-time information management, digital oilfield, enterprise asset management, integrated plant operations and analytics, LNG optimization, retail transformation and ePOS, offer to cash transformation, engineering life-cycle management	Application development and management for E&P, subsurface data management, upstream hydrocarbon accounting, ETRM integration support, downstream financial and accounting business process services, downstream applications managed services, and retail site systems support	Outsourcing E&P application management, custom application development, E&P integrated operations, subsurface data management, engineering services, retail site systems support, manufacturing applications management	SAP IS-Oil upstream and downstream prepackaged accelerators, PRA and JVA web-based add-on applications, SAP HANA implementation services, LNG commercial optimization platform, ePOS, customer value transformation, SharePoint management services

Source: IDC, 2016

Wipro

Wipro's oil and gas revenue is evenly placed with all three segments of the value chain – upstream, midstream, and downstream. Wipro has successfully integrated 1,300 staff from SAIC's oil and gas practice and combined the capabilities into one division with a robust portfolio of industry domain solutions. Wipro's approach is to lead with business consulting and then pull through the appropriate

domain technology solutions. Wipro is positioned as a Leader in this IDC MarketScape for oil and gas professional services.

Wipro's upstream team has demonstrated expertise in the areas of petro-technical data management, hydrocarbon accounting, and digital-led upstream integrated operations. Wipro's downstream practice has demonstrated proficiency in plant automation and operations, LNG commercial optimization, and hydrocarbon supply chain management.

Unlike many other IT majors, Wipro is well established in the Middle East and African market. The company has local domain experts in conjunction with its oil and gas clients in the Middle East, Canada, Australia, and other growth markets. The development of local resources is a part of Wipro's long-term growth strategy, and interviewees ranked Wipro as a solidly run, innovative organization with a good balance of technical skills combined with domain expertise.

Wipro provides capital project life-cycle management services that include consulting and risk management expertise. Wipro has an innovative service delivery approach that utilizes onsite domain consultants with offshore technical engineers that manage a cost-effective, automated, platform-based solution. The capital project offering was noted as innovative, efficient, and scalable by two different clients.

Wipro has strategic relationships with two of the leading oilfield services software providers. Their relationships include software and platform development, joint go-to-market activities, and joint industry solution offerings. These partnerships help validate Wipro's commitment to grow its deep domain knowledge and provide a unique "sell with" channel into the oil and gas markets.

As a strategic partner for two of the world's oil supermajors, Wipro's ETRM team is focused on applications development and support with legacy systems. The current staff has extensive exposure to OpenLink, Allegro, Ventyx, and PVM across 35+ programs. There is a dedicated team for application support for key trading applications on SAP and Endur.

Wipro offers solutions for plant automation and integrated operations and has executed two greenfield projects in the Middle East. Wipro currently provides end-to-end managed services support for refineries and the associated hydrocarbon value chain for three supermajors and NOC JVs in the Middle East. These portfolios include plant and business applications, optimization platforms, retail site systems, corporate applications, and infrastructure.

Wipro's base of its downstream application management portfolio is strengthened by its consulting expertise in refining operations, optimization, supply chain management, and LNG. With a strong partner ecosystem, Wipro is investing to build innovative solutions in Industry 4.0, predictive analytics, process control security, and maintenance reliability.

Wipro is also well positioned in the retail marketing solutions in operations, inventory management, and the analytics area, and one of its customer loyalty/fleet card management solutions is used by one global oil major. Wipro leverages established partnerships for innovation and product development. It has developed industry-relevant solutions built around HANA, mobility, and Oracle.

Strengths

Wipro is on the preferred vendor list of most major oil and gas companies and is especially known for outsourcing IT and domain-specific managed services. Wipro is expanding its digital transformation business in IoT in refining and upstream integrated operations. According to one client, Wipro

developed a real-time tool called Insight, which the client effectively used across all of its E&P spectrum for data collection to be used for analytics purposes.

Wipro helped one major oil and gas company transform its IT environments into collaboration centers around the world. Another client uses Wipro to help it with a standard blueprint of its entire upstream environment. Another major oil and gas company reported that Wipro helped it manage its entire downstream applications portfolio as a managed service.

Wipro is highly regarded in the industry for its domain expertise, especially in upstream data management, integrated operations, and downstream plant operations. It has a bias toward meeting identified "business outcomes" and "critical business events" with its client initiatives and not just adhering to contracted service-level agreements. One client reported recurring annual cost savings of $75 million as a result of a Wipro-led integrated operations and remote collaboration initiative.

Challenges

The recent downturn in the oil and gas market has put tremendous cost pressures on all domain consulting and technology service providers. Wipro has been forced by its oil and gas clients to drive support costs down while maintaining service quality. While many oil and gas companies are reducing the number of services producers and consolidating their IT spend, Wipro seems to be picking up market share through vendor consolidation, particularly among the international oil companies. Wipro will be required to innovate, automate, and rethink its service delivery models if it wants to maintain its profitability and market share.

Oil and gas companies continue to evaluate the viability of moving domain workflows to external service providers. If Wipro can utilize its domain technology, digital solutions, and innovative service delivery and commercial models, it will be well positioned to help its clients in the "lower for longer" commodity price environment.

As Wipro drives its domain technology innovation forward, it will need to continue to invest in its business consulting and digital advisory services capabilities to maintain the optimal balance between front-end client advisory services and back-end technology and service delivery excellence. Wipro appears well positioned to bring all necessary services and capabilities to compete for work and has some stiff competition to beat as vendors will battle it out to be the leader in the space for oil and gas companies.

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.

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.

Note: All dollar values in this document are in U.S. dollars unless otherwise indicated.

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 include 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.

- **Transformational consulting.** Transformational consulting refers to understanding the business objectives and strategies of the company and requires special knowledge and skills for evolving the IT environment to the 3rd Platform, meaning the talent required to understand the business needs and the technology and approaches to optimize the development of the 3rd Platform.

- **Domain expertise combined with technical capabilities.** Most companies have indicated they will select vendors that have good combined consulting and technical skills in the future. Many projects require a combination of oil and gas knowledge and technical skills to implement an initiative. For example, subsurface data management requires a certain level of knowledge about geosciences as well as the technical skills to cleanse and manage data within a repository. Managing production is another example where both domain expertise and technical skills are required to perform meaningful allocations and reports.

- **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 involve 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 and managed services.** Business process outsourcing services involve 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. Companies are even managing services for domain-specific environments, and IDC Energy Insights expects this trend to continue as companies are focused on outsourcing noncore areas of the business to reduce costs and move to the 3rd Platform.

LEARN MORE

Related Research

- *Business Strategy: Oil and Gas — Big Ideas and Key Innovative Technologies* (IDC Energy Insights #US41090716, April 2016)
- *Pivot Table: Worldwide Oil and Gas Industry IT Spending Guide, 2014-2019, Version 2* (IDC Energy Insights #US41054416, March 2016)
- *IDC Energy Insights Report Highlights Major IT Drivers and Initiatives for Oil & Gas CIOs* (IDC Energy Insights #prUS41012116, February 2016)
- *IDC FutureScape: Worldwide Oil and Gas 2016 Predictions* (IDC #259787, November 2015)
- *Perspective: Oil Field Optimization — IoT and Device Connectivity Strategies* (IDC Energy Insights #EI256449, June 2015)
- *Business Strategy: Oilfield Optimization — Upstream IT Data Management Platform* (IDC Energy Insights #EI256898, June 2015)

Synopsis

This IDC study 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. The 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 consult and implement high-impact, innovative approaches and solutions to digitally transform IT and improve their agility, adaptability to change, and performance in the coming years," according to Chris Niven, research

director, IDC Energy Insights Oil and Gas. "The challenge is selecting the right vendor(s) for the right project(s) as each has its own unique strengths and capabilities, and most of them continue to invest and grow their knowledge and skills in oil and gas, and in many cases, they understand their client's business better than the clients. I highly recommend oil and gas companies take the time to learn more about what these companies have to offer. Some feedback indicates that vendors are really helping companies save big bucks from outsourcing and digitally transforming their businesses."

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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