

NEAT EVALUATION FOR WIPRO:

SAP HANA & S/4HANA Services

Market Segment: Overall

Introduction

This is a custom report for Wipro presenting the findings of the NelsonHall NEAT vendor evaluation for *SAP HANA & S/4HANA Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Wipro 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.

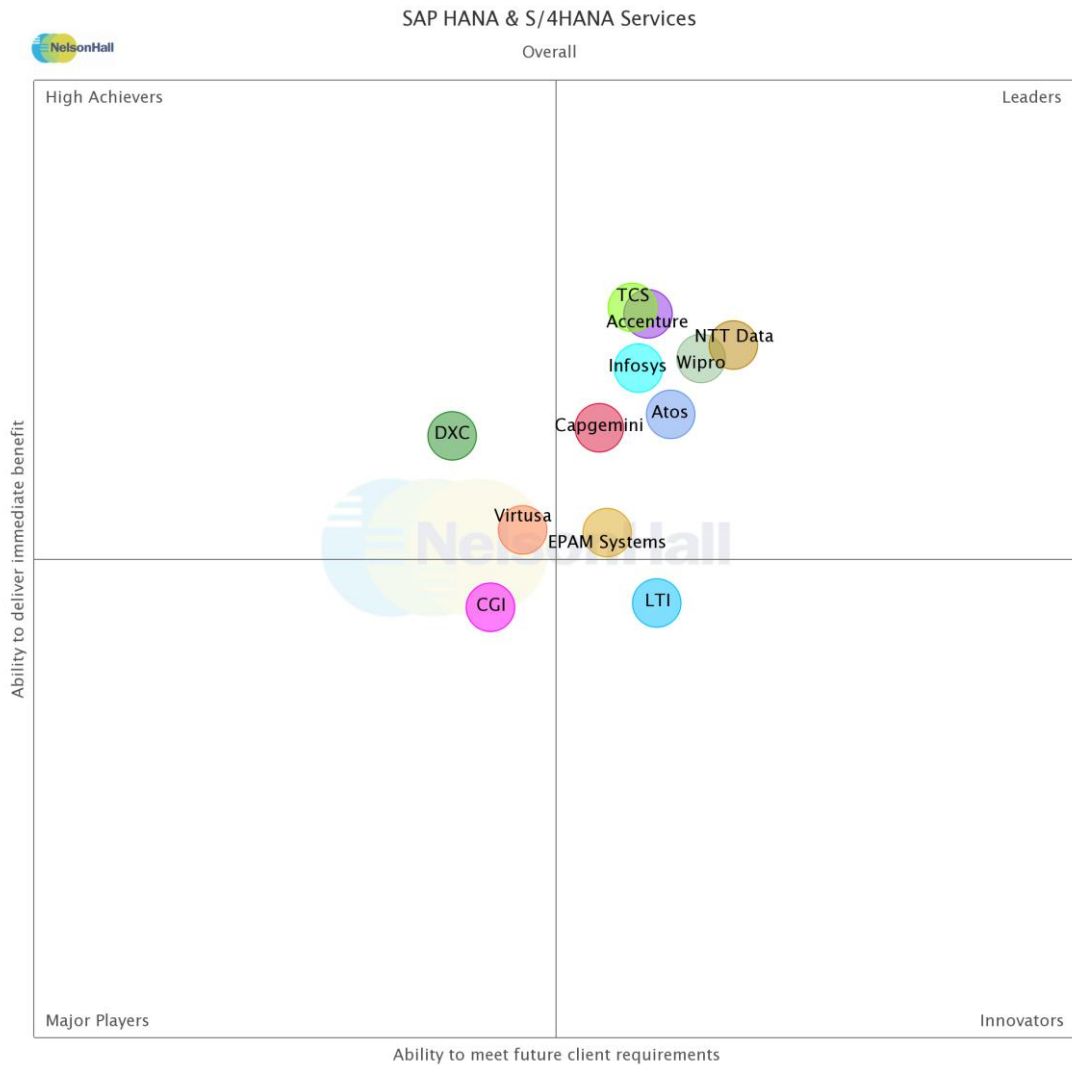
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

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)



NelsonHall has identified Wipro as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Wipro’s 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](#).



Vendor Analysis Summary for Wipro

Overview

Wipro is the third largest of the India-headquartered IT services vendors. The company had FY17 (the year ending March 31, 2017) revenues of \$7.7bn with a headcount of 181k.

Wipro has been a SAP Services Partner since 2007. It has delivered SAP services to ~400 clients globally and has ~11k SAP consultants. Its data centers are globally certified by SAP. Its relationship with SAP includes the following:

- Partner of SAP, both going to market as well as joint product development partner
- Client of SAP, using Suite on HANA (SoH) and Ariba
- Supplier of SAP, running SAP infrastructure and maintaining HR payroll
- Value added reseller (VAR) in Germany, India, LATAM and the Middle East.

Wipro has been investing in its SAP HANA capabilities over the last few years and says that it has ~40 HANA and S/4HANA projects, either completed or in process. Wipro's S/4HANA capabilities pre-date client demand as it served as development partner with SAP for S/4HANA Logistics and Procurement. S/4HANA is a more immature product and Wipro has only seen demand picking up since early 2016.

In 2016, Wipro acquired cellent AG, an IT services company in the DACH region for €73.5m. cellent was part of Landesbank Baden-Wuerttemberg (LBBW). It is a SAP specialist with 800 employees, and generated €87m in revenues in 2014. Clients include, by sector:

- Automotive sector: Bosch, Daimler, MAN, Porsche, Knorr Bremse Mann + Hummel
- Manufacturing sector: Siemens, ZF Lenksysteme, Andreas Stihl, Bosch und Siemens Hausgeräte, Festo, Roto Frank, Wieland-Werke AG, Alfred Kärcher.

cellent brings in local proximity to clients in DACH and helps strengthen Wipro's client engagement model beyond Mega and Gamma accounts.

Financials

For CY 2016, NelsonHall estimates that Wipro had total revenues of ~\$7.7bn and estimates its total SAP revenues as ~\$1bn. NelsonHall estimates that Wipro's SAP HANA and S/4HANA services revenues account for 12% of total SAP revenues, (\$120m). Wipro is targeting ~30% of its SAP-related revenues to be from HANA and S/4HANA services by the end of 2018.



Strengths

- Breadth of vertical targeted extensions and solutions
- Strong, multi-faceted SAP relationship
- Partnership with SAP on S/4HANA logistics solution
- Emerging markets experience and presence
- Acquisitions have targeted growing locations and industries
- SAP-certified data centers to support HANA cloud hosting.

Challenges

- Small proportion of workforce with HANA and S/4HANA certifications
- Limited adoption among large clients
- Limited North American HANA and S/4HANA client presence
- Limited HANA cloud hosting footprint.

Strategic Direction

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

- Expanding industry focused offerings
- Expanding presence in Latin America and Africa
- Investing in platform and cloud migration
- Expanding skilled resource pool.

Outlook

Wipro's longstanding relationship with SAP and experience acting as co-development partner for HANA and S/4HANA capabilities has provided it with early insight into the capabilities being offered. This has not only enabled Wipro to develop insight into the capabilities of HANA and S/4HANA, but also to understand the capabilities not included in the core offering, which gave it a head start in building its complementary offerings. These tailored solutions (specifically targeting industry needs), complementing HANA and S/4HANA, represent Wipro's greatest strength in its HANA and S/4HANA practice.

Wipro has been able to leverage these solutions in targeting SMB clients and emerging markets within its target verticals. These have formed the core of its experiences in this still immature market. The next key step will be expanding its client base and utilizing its proprietary solutions to target both larger clients and a broader set of industries and geographies.

Another evolution of the market as it continues to grow and mature will be the expanded use of cloud over on-premise solutions. With multiple SAP-certified cloud data centers, Wipro is positioned well to take advantage of this evolution.

SAP HANA & S/4HANA Services Market Summary

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

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



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



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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:

Guy Saunders at guy.saunders@nelson-hall.com

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