

MARKET PERSPECTIVE

Working with Start-Ups in Europe: Profiles of 19 Consulting Companies and System Integrators

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Working with Start-Ups in Europe

This IDC Market Perspective provides insights into how consulting companies and system integrators collaborate with start-ups in Europe. The document includes profiles of Accenture, Atos, Bain, BCG, BT Global Services, Capgemini, Cognizant, Deloitte, Deutsche Telekom/T-Systems, DXC, EY, Fujitsu, IBM, KPMG, McKinsey, PwC, Sopra Steria, TCS, and Wipro.

Key Takeaways

- Collaborating with start-ups has become increasingly commonplace as a means to stay abreast with technology innovation. Start-ups are now embedded into a wider ecosystem. Through collaboration, they enable services companies to deliver innovation to their clients and enhance their own portfolios.
- Services companies invest extensive resources in scouting, validating, and supporting start-ups on a global scale. They typically prefer stage B or C start-ups with products or propositions that already have proofs-of-concept or at least some market validation.
- Running projects in partnership with start-ups within enterprise clients is often difficult as culture, expectations, time frames, and financial models are very different. Creating business outcomes requires mediation.

Recommended Actions

- Service providers should be very clear about their own objectives and expectations to avoid wasting time and money for all parties in the process.
- Because very few start-ups are enterprise-ready and understand enterprise processes, the services company has a critical role in helping clients achieve business outcomes – it needs to function as a mediator. This includes decisions on how it will handle responsibility and contract engagements.
- The service providers' dedicated start-up units need to protect start-ups from being overwhelmed by the wider sales organization and pre-sales in early stages. But once they are market-ready, they need to undertake internal marketing to ensure quick scale-up and revenue.

Source: IDC, 2018

IN THIS EXCERPT

The content for this excerpt was taken directly from *Working with Start-Ups in Europe: Profiles of 19 Consulting Companies and System Integrators* (Doc# EMEA43513118). All or parts of the following sections are included in this excerpt: *New Market Developments and Dynamics*, *Advice for the Services Provider*, and *Learn More* sections that relate specifically to Wipro, and any figures and or tables relevant to Wipro.

NEW MARKET DEVELOPMENTS AND DYNAMICS

The technology start-up community is a vital component of the digital economy. With accelerating cycles of technology innovation and disruption, all participants – suppliers, providers, and customers – need and want to be part of the innovation process to remain relevant in a rapidly changing market. In this dynamic environment, working with credible technology start-ups becomes an essential component of enterprise innovation and digital transformation initiatives.

Within this market context, IDC has conducted several research initiatives to better understand how customers and established ICT companies are engaging with start-ups in Europe. Previous research has focused on customer innovation labs, start-up incubators, and vendor start-up programs (see the *Related Research* section at the end of this study for these reports). This report series focuses on how global systems integrators and strategy consulting firms are collaborating with start-ups and what these firms are doing to attract, recruit, incubate, and accelerate start-ups into their ecosystems and services portfolio.

This study – the first report in this series – provides profiles of the following leading services companies within the context of start-up collaboration. Last quarter, IDC interviewed the following: Accenture, Atos, Bain, BCG, BT Global Services, Capgemini, Cognizant, Deloitte, Deutsche Telekom/T-Systems, DXC, EY, Fujitsu, IBM, KPMG, McKinsey, PwC, Sopra Steria, TCS, and Wipro.

Wipro

Wipro works with start-ups to stay on top of new technological developments, work with the leaders of tomorrow, and introduce innovation and new ways of working to its clients and to its own organization. Wipro offers start-ups accelerated access to the enterprise market and the ability to scale globally. While Wipro Ventures is the company's investment arm that works with early to mid-stage start-ups, Wipro has created a separate division to deal with late-stage, unicorn, and recent IPO start-ups. This unit – which Wipro terms a "New Age" division – is an overlay function that is in charge of 360 collaboration with start-ups to ensure both focused and fast collaboration in a cadence that suit the start-up's way of working. The function works as a gateway, validating start-ups so that Wipro's organization can be comfortable integrating them in projects and likewise building a trusted relationship with the start-up.

Wipro New Age helps bring cutting-edge start-ups to Wipro's clients, while also helping the start-ups to scale their own internal organizations. Wipro considers its enterprise clients' needs and top market trends in key industries when selecting which start-ups to engage with. Wipro has also built several solutions that help start-ups accelerate their non-core functions and product engineering teams. In Europe, there is a focus on fintech, health, and oil and gas. A European example is a project focused on cross-border travelling in electric cars – a blockchain start-up and Wipro created a joint solution to enable users to plan charging for a long multicountry journey.

Besides its own scouting, it works closely with the investment community, academia, and consultants (typically the Big Four) as well as other advisors and analysts to identify potential high growth candidates. Wipro has built close working relationships with various VC leaders who connect Wipro to their portfolio companies looking to scale rapidly.

Wipro primarily works with start-ups that have received stage D funding or are at or near unicorn (\$1 billion market value) stage, – companies that are enterprise ready – it finds that its clients need start-ups to have a good level of maturity and scale before they can become credible partners. In most cases, Wipro will create a shared value proposition with the start-up and hold the client contract. Wipro's client engagement strategy is focused on developing long-term relationships and it will therefore take responsibility for success even if not contractually obliged to do so.

For Wipro, building a shared value proposition is critical. Start-ups have a value proposition, but it typically needs deeper domain knowledge and enterprise relationships to scale up in the enterprise market. An example is a Big Data company that had worked with one of Wipro's energy and utilities enterprise clients – the client was interested in the technology and required Wipro's domain knowledge to fit the solution to its specific use case. Combining the capabilities of the start-up with Wipro's domain knowledge and the customer insight, a powerful use case was created.

Late-stage start-ups facing hyper-growth benefit from Wipro services, especially in their areas of non-core strength. Start-ups typically don't invest much in their own internal IT and back-office capabilities, so Wipro has also created special platforms and offerings to help scale start-ups. These packages support engineering functions such as product testing, user interface (UI)/user experience (UX) design, data science, as well as back-office functions including finance and accounting, marketing campaigns, etc. Wipro can scale resources quickly and globally, either through its own staff or through its Topcoder crowdsourcing network. This enables a start-up to get to the scale to support global enterprises.

During the first few projects with clients, the New Age team is the single point of contact for the start-up to the wider Wipro organization and all Wipro's business units. The New Age team together with the start-up then invest time in promoting the solution to the various business units and service lines. This process means uptake is normally quite quick as Wipro has ensured that the solution is relevant for the wider client base from the early stages of collaboration.

ADVICE FOR THE SERVICES PROVIDER

Working with start-ups to stay on the bleeding edge of technology and facilitate rapid innovation for clients has become a necessity for services companies. However, the rapidly expanding volume of start-ups necessitates strict selection and integration processes to avoid wasting time and money. IDC offers the following advice to services companies aiming to include start-ups in their portfolios and operations:

- **Articulate your goals.** Defining what you want to achieve through the collaboration is critical to the selection process. Whether it is technology addition, enhancement of solution offering, servicing specific clients, new internal processes or tools, an increased use of your own capabilities, or something else, the goal should set the framework for the selection process. Setting specific goals will help you identify technology focus, maturity level of relevant start-ups, and geographical focus and search methods.
- **Define evaluation methodology and process, and try to industrialize it.** Quick screening is a necessity, and the clearer you can define your criteria for advancing to next stage of evaluation, the faster you can reduce the number of companies you need to engage with in depth. However, be aware that your methodology should not develop into a long checklist that hampers process speed. It should not be too restrictive. Innovative start-ups with strong commercial capabilities are in high demand from vendors, customers, and competitors – if you're too difficult to engage with, they may look elsewhere.
- **Define your own role in the different process stages clearly.** How will you contribute – will you help with technology, business skills, or scaling resources? And what is your role when you introduce start-ups to enterprise clients – will you take full responsibility or how will you handle issues for clients? How will you mediate between expectations, time scales, and delivering outcomes? Interviews clearly show that this element is one of the most difficult parts of working with start-ups.
- **Define the combined value proposition early.** Doing this at an early stage helps in evaluating the potential of the collaboration for yourself.
- **Decide how you will ensure the new proposition is integrated in the portfolio and used across your organization.** This is far from easy despite the broad interest in innovation in most organizations and business lines. Efficient knowledge distribution/internal marketing helps making the collaboration profitable earlier. On the flipside, sometimes it also becomes necessary to demonstrate that the solution doesn't have a market despite initial enthusiasm and expectations and should be decommissioned.
- **Work with VCs/PEs and accelerators, but beware that they have different goals and criteria than you.** These organizations do helpful first screenings and support the start-up in its development, but they are typically more mass market focused than enterprise focused. Being aware of benefits and disadvantages; VCs/PEs and accelerators can be very useful partners.
- **Try aligning with your key technology partners.** Many of the larger vendors – notably software and cloud-native vendors – have their own start-up, incubator, and accelerator programs (Microsoft, AWS, Oracle, SAP, Salesforce, etc.). Start-ups emerging through these programs have typically already had a degree of vetting, commercial and technical enablement, and exposure to more enterprise client environments; look to align with these.
- **Develop best practices and learn tips and tricks from competitors and partners.** Our next report in this series will extract learnings from the service provider lessons, and a follow on will look at the topic from the side of the start-up.

LEARN MORE

Related Research

- *Munich, Where AI Meets IoT* (IDC #EMEA42905617, July 2017)
- *Microsoft BizSpark: Early-Stage Startup Gateway to the Microsoft Ecosystem* (IDC #EMEA42554517, May 2017)
- *SAP Startup Focus: Building an Innovation Ecosystem with Startups* (IDC #EMEA42552217, May 2017)
- *AWS Activate: Introducing Start-ups to the AWS Ecosystem* (IDC #EMEA42515017, May 2017)
- *The Complex European Digital Service Provider Landscape: What are Agencies, Consultants, and IT Service Providers Good at?* (IDC #EMEA42266117, February 2017)
- *European Digital Service Vendors: 24 Profiles of Consultants, IT Services Companies, and Agencies* (IDC #EMEA42243317, February 2017)
- *The IDC Startup Safari: SETsquared and Engine Shed in Bristol – Key Takeaways* (IDC #EMEA42311117, January 2017)
- *Digital Innovation Labs in Europe: An Overview* (IDC #EMEA41955516, December 2016)

Synopsis

This IDC Market Perspective includes profiles of 19 consulting and systems integration service providers in Europe, focusing on their engagement with start-ups. The profiles look at selection criteria, evaluation and engagement processes, and how vendors address issues in engaging start-ups in their work with enterprise clients. The study is a guide to understanding the vendor approaches to select relevant partners for projects and develop best practices.

"Enterprises and service companies are keen to work with start-ups, but it is not easy. Different expectations, time scales, and processes makes it hard, and miscommunication can impact the outcome of a project," said Mette Ahorlu, research director, IDC European Services. "Systems integrators and consultants have key roles as mediators, as they have expertise in both worlds – they bring industry and technology expertise as well as global resources to the collaboration"

About IDC

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