



Key Vendor Profile

Key Vendor Assessment

DXC Technology

KVA Abstract

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Who is this Vendor Assessment for?

NelsonHall's Key Vendor Assessment on DXC Technology is a comprehensive assessment of DXC's offerings and capabilities, designed for:

- Marketing, sales, and business managers developing strategies to target service opportunities within the BPS/IT services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales, and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.

Key Findings & Highlights

In its latest attempt to drive organic growth and improve margins, DXC has, with effect from Q1 FY24, changed how it engages with the market by moving to an offering-led operating model. The new model moves DXC from a regional model (where the regional heads were generalists concerning offerings) to a global operating model for each business unit. DXC's Analytics and Engineering (which has consistently been DXC's highest revenue growth offerings) and insurance businesses were early adopters of this model.

With this new structure, DXC intends to drive more specialized (and higher margin) services and promote accountability at the margin and collection level.

Besides this significant GTM change, DXC's strategic priorities under Mike Salvino remain to:

- Scale up the Global Business Services (GBS) unit, which has delivered nine consecutive quarters of topline growth as of Q1 FY24 and is more profitable than Global Infrastructure Services (GIS). GBS' GTM is based on relationships, cross-selling into GIS' client base, benefiting from its digital portfolio (front-office custom applications, data & analytics, and agile development). Areas of focus include increasing international (i.e., non-U.S.) revenues
- Stabilize Global Infrastructure Services (GIS), which continues to decline. With trust restored with major clients (with NPS on the rise) and red contracts renegotiated, DXC has worked on appointing new leadership and ensuring contract profitability while optimizing the utilization of its data centers. The company DXC has moved away from contracts involving its balance sheet: it no longer wants to finance the client's purchase of new desktops or software licenses. It is also prioritizing cloud migration projects and overall project services
- Reduce costs, primarily in the GIS segment. Having looked at office rationalization, offshoring, procurement for hardware and software, and staff optimization, DXC is now targeting data centers and subcontractors and continues to offshore its delivery

- Reduce net debt while shifting its services portfolio. Since Mike Salvino took over in September 2019 as DXC's CEO and President, DXC divested ~\$6bn worth of assets, representing a NelsonHall-estimated revenues of \$1.7bn. DXC targets \$250m in divestment proceeds in FY24, primarily from data centers
- Streamline its services portfolio, with recent moves including divesting most of its Microsoft Dynamics businesses (apart from Australia).

Scope of the Report

The report provides a comprehensive and objective analysis of DXC Technology's offerings, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphasis, and new developments
- Analysis of the company's strengths, weaknesses, and outlook
- Revenue estimates
- Analysis of the profile of the company's customer base, including the company's targeting strategy and examples of current contracts
- Analysis of the company's offerings and key service components
- Analysis of the company's delivery organization.

About The Author

Dominique Raviart is the IT Services Practice Director at NelsonHall, with global responsibility for IT Services research programs. He also leads the VIP program that covers tier-one IT service vendors.

Dominique covers IT Services research in the areas of Software Testing/QA. Dominique has been part of NelsonHall's IT Services analyst team since 2007, providing comprehensive and insightful coverage of IT services markets in the world. In particular, he is widely known for his extensive knowledge and coverage of software testing, having recently examined digital testing and DevOps/continuous testing. Dominique assists both buy-side and vendor organizations in assessing opportunities and supplier capability across IT service lines.

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About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., Continental Europe, and Asia, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. For vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies. NelsonHall's research is based on rigorous, primary research and is widely respected for the quality, depth, and insight of its analysis.

We would 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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