Virtusa
Agile Development & DevOps Services

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Agile Development and DevOps Services Vendor Assessment for Virtusa is a comprehensive assessment of Virtusa's Agile Development and DevOps services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for Agile Development and DevOps services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the Application Development services sector.

Key Findings & Highlights

Virtusa was founded in 1996 and is headquartered in Massachusetts, U.S. Initially, it focused on working with product companies, providing product development services and incorporating an engineering mindset into application development.

In March 2016, Virtusa closed its acquisition of Chennai based Polaris for ~$270m. This acquisition combined Polaris' banking and financial services application development and management business with Virtusa's banking and financial services industry segment, and Virtusa expected to realize over $100m of revenue synergies in the three years following the close of the acquisition. The combined entity was temporarily named VirtusaPolaris, but at the completion of the integration activities at the end of the fiscal year 2017, the company reverted to the name Virtusa.

In March 2018, Virtusa acquired eTouch Systems to expand digital capabilities as well as bolster its presence in Silicon Valley. It further expanded its North American presence through the launching of an Innovation Center in Indianapolis in September 2018. Both of these are intended to support the overall strategic initiative to expand its U.S. presence and enable it to provide more advisory services to its clients.

Virtusa frames its agile development and DevOps services within a broader capability focused on transforming the software development lifecycle (SDLC). It works with clients to achieve benefits such as improved delivery velocity, improved quality, and improved cost efficiency by addressing four distinct application development disciplines:

- Technical debt reduction through improved code quality, modernizing legacy applications and expanding the use of cloud

- Quality engineering through better early defect detection, expanded use of automation in test data and environment management and optimizing test through the use of machine learning

- DevOps adoption through zero-touch deployment, the use of dedicated DevOps SWAT teams and expanded telemetry

- Agile transformation through the adoption of a feature team model, test-driven development (TDD) and behavior-driven development (BDD) approaches, and lean engineering methods.

In parallel, it also works with clients to mature their own internal capabilities through the adoption of Virtusa methodologies and tools used in the delivery of services.

For CY 2018, Virtusa reported revenues of ~$1,020m. NelsonHall estimates that ~48% of these revenues are associated with application services (~$489m). Of this, NelsonHall estimates that ~65% are associated with application services delivered through the use of agile development and DevOps (~$318m).

Virtusa frames its agile and DevOps offerings within the broader context of an end to end software development lifecycle transformation. This transformation includes three components:

- Transformation opportunity assessment

- Shift to agile delivery

- Expanded automation.

Virtusa's headcount as of June 30, 2019, was 22,143. NelsonHall estimates that ~20% of this overall headcount is trained and skilled in application services delivered through the use of agile development and DevOps. Virtusa utilizes 21 delivery centers for its application development services.

Through a focused re-skilling effort, Virtusa is looking to grow its skilled team to account for ~25% of its overall headcount by 2020.

Virtusa has been able to leverage its deep relationships with several large banking and financial services clients to develop its scaled agile and DevOps capabilities. Successfully delivering engagements with the complexity of hundreds of delivery resources working in globally distributed agile and using DevOps is a strong credential to reference. However, it is always a risk to have much of your footprint focused on a single industry, particularly one as economically sensitive as BFS. Its engagement with a large technology provider is a good counterweight to its BFS exposure as well as an opportunity to further mature its own capabilities through the adoption of practices it observes at its client.

The core of Virtusa's offering is its ERA platform, which provides a differentiated end to end capability that maintains flexibility to work with a client's legacy tool footprint. Having a well-defined and experienced assessment framework and toolset is also valuable as clients undertake the transformation and seek guidance in maximizing the return on their investment.

Virtusa's internal transformation to broad adoption of agile and DevOps is still in process, as it is with most companies. Expect going forward for Virtusa to continue to invest in growing its skilled resource pool as well as further mature its toolsets. Targeting the expanded use of AI and ML to accelerate service delivery and adding capabilities to simplify migrating ERPs and COTS applications is a key strategic imperative.

Scope of the Report

The report provides a comprehensive and objective analysis of Virtusa's Agile Development and DevOps service offerings, capabilities and market and financial strength, including:

- Analysis of the company's offerings and key service components

- Revenue estimates

- Identification of the company's strategy, emphasis and new developments

- 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 strengths, weaknesses and outlook.

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