



TCS SAP ERP Cloud Migration Services

Vendor Assessment
Report Abstract

January 2021

By David McIntire

IT Services

Research Director

NelsonHall

12 pages

research.nelson-hall.com



Who Is This Vendor Assessment For?

NelsonHall's SAP ERP Cloud Migration Services Vendor Assessment for TCS is a comprehensive assessment of TCS's SAP ERP Cloud Migration services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for SAP ERP Cloud Migration services
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the experience consulting services sector.

Key Findings & Highlights

Tata Consultancy Services Ltd. (TCS) was formed in 1968 and is headquartered in Mumbai, India. It is part of The Tata Group, India's largest private business conglomerate. TCS has grown rapidly throughout its 50-year history and became the first Indian heritage IT service provider to reach a market cap of ~\$100bn in 2018.

As digital transformation has grown as a key business objective, TCS has re-positioned its offerings to support evolution to what it calls "Business 4.0™". These services look to embed intelligence, agility, automation, and cloud across the enterprise. To address this, TCS is positioning its offerings along three broad themes:

- Cognitive business operations: includes BPS, application operations, and IT infrastructure services
- Digital transformation services: includes new practices focusing on various elements of the digital service stack, such as cloud, analytics, and IoT, with ADM broken into smaller practices
- Consulting and services integration.

TCS has augmented its core Business 4.0 strategy with two cloud aligned focus areas. The first is its Borderless Enterprise on Cloud approach, which looks to advance clients' use of cloud beyond cost reduction to act as a foundation for building an industry value chain tailored to address specific industry needs. The second focus area is a focus on the cloud value chain, which recognizes the cloud is no longer an IT-led transformation. It is instead the foundation for broader business transformation.

TCS has a global SAP client base of ~550 clients. Its ~27k SAP resources are distributed globally with a presence in all major geographic regions, including North America, Europe, South America, and Asia-Pacific.

TCS has previously expanded its capabilities through the following acquisitions, now fully integrated:

- In 2013, TCS expanded its SAP capabilities through the acquisition of Alti, a France-based IT services company with 1.2k employees for €75m to target clients in France, Belgium, and Switzerland

- In 2015, TCS acquired a 51% controlling interest in Japan-based Company IT Frontier from Mitsubishi Corporation for \$59.6 million. TCS Joint Venture with Mitsubishi IT group in Japan provided an avenue to understand and target the region's digital services needs, including supporting localization on many offerings.

In June 2020, TCS launched TCS Crystallus™, a set of pre-configured industry offerings to accelerate SAP S/4HANA adoption. TCS Crystallus™ industry and business function offerings currently available include life sciences, high tech, professional services, and travel and transportation.

TCS' CY 2019 revenues were ~\$22.0bn. NelsonHall estimates that CY19 total SAP revenues are ~\$2.1bn. Of this, NelsonHall further estimated that ~25% (~\$375m) represents SAP ERP cloud migration engagements.

With a broader company focus on the migration to the cloud in alignment with specific industry requirements, TCS positions its SAP ERP cloud migration as a core offering furthering this model. It has built offerings to support clients by converting infrastructure to operate in the cloud and the associated business, process, and organizational changes to maximize this migration's value. It does this through the integration and coordination of capabilities across TCS. Its consulting-led framework represents this for cloud transformation, called TCS PERPETUITY.

This framework is supported by TCS assets, including TCS Jile™, its agile development and DevOps platform, and transformation delivery method. It is also supported by TCS investments, including its COIN™ ecosystem of academic, start-up, and technology delivery partners, talent transformation to re-skill and cross-skill its employee base, and a 360-degree relationship with SAP with which TCS is a client, supplier, and partner.

TCS has ~27k SAP skilled employees. TCS has developed a workforce to support SAP ERP cloud migrations consisting of several roles, including business value specialists, full-stack developers, end-customer experience crafters, service resiliency engineers, product assurance samurais, architects, and SAP automation engineers. TCS has ~2k employees that comprise these teams.

TCS is focusing on building out capabilities and offerings that align with the growing demand it sees from clients for more sophisticated cloud adoption - moving from infrastructure cost reduction focused initiatives to broader cloud transformation intended to act as the foundation for digital transformation. This more sophisticated approach to migrating SAP to the cloud requires greater consulting, planning, and a more tailored ERP system, specifically designed to an industry's requirements and augmented by incremental functional extensions. TCS's introduction of Crystallus industry offerings in mid-2020 positions it well to support clients across industry sectors as they seek to modernize legacy ERP landscapes. Crystallus adds to a more mature set of functional extensions available to sit on top of core S/4HANA functionality.

It is also investing in building out the consulting and domain talent to support the initial phases of assessment and planning for clients. While it possesses mature tools and assets to automate migration activities, including assessing the legacy system, it is still growing the employee base that supports the initial planning and roadmapping for migrations. Combining its investments in growing its talent base and continuing to evolve and mature its functional and domain-tailored capabilities will be important to ensure its capabilities remain aligned to changing client demand.

Scope of the Report

The report provides a comprehensive and objective analysis of TCS's SAP ERP Cloud Migration 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.



Contents

-
1. Background

 2. Revenue Summary

 3. Key Offerings

 4. Delivery Capability and Partnerships

 5. Target Markets

 6. Strategy

 7. Strengths and Challenges

 8. Outlook

Report Length

12 pages

Report Author

David McIntire

david.mcintire@nelson-hall.com

Forthcoming Profiles

Atos, Capgemini, Cognizant, DX Technology, EPAM, Infosys, LTI, Mindtree, Mphasis, NTT DATA, T-Systems, Tech Mahindra, Wipro, YASH.