IBM
Application Outsourcing

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Application Outsourcing Vendor Assessment for IBM is a comprehensive assessment of IBM's application outsourcing offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of application outsourcing services and identifying vendor suitability for such services

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

- Financial analysts and investors specializing in the IT services sector.

Key Findings & Highlights

IBM provides application outsourcing services through its Application management services (AMS) unit. AMS is one of three main units of Global Business Services (GBS) together with AIS, the systems integration arm and its business consulting arm. While AIS and Consulting are more project and onshore-centric, AMS is the offshore multi-year application services business of GBS.

AMS provides a wide range of services including core maintenance, support and enhancement services, both around custom applications and packaged applications (COTS). Over time, AMS has expanded its service offering to include services outside of the traditional maintenance and support core services. They include:

- Software testing and its performance engineering and testing extension: application virtualization

- Systems integration of COTS including services around SAP and Oracle applications

- Legacy modernization.

With this service portfolio extension, IBM AMS is aiming to provide a wider range of application services as part of multi-year agreements. In addition, AMS is aiming to work in close cooperation with AIS and with GBS' SAP and Oracle practices.

IBM has introduced a number of initiatives to drive its differentiation. Those two main initiatives are:

- SmarterADM and AAO share several key features, including a focus on delivery based on standardization of processes, usage of tools to drive productivity, and reliance on a global delivery model based around competence centers.

- SmarterADM is positioned by IBM AMS as suitable for second generation offshore clients i.e. for those clients that have already reduced their costs through India-based labor arbitrage and need to further lower their costs through further productivity gains

- AAO is IBM's next generation delivery model for enhancement and development services. SmarterADM uses the AAO delivery approach. See Delivery Section on AAO.

This NelsonHall vendor assessment analyzes IBM's offerings and capabilities in Application Outsourcing. IBM is one of a number of

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Application Outsourcing companies analyzed in NelsonHall's comprehensive industry analysis programs.

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IBM AMS' major delivery locations are:

- India
- China
- Philippines
- Brazil

IBM's AMS activity has been driven in part by demand from clients in the telecom, banking and manufacturing sectors.

Scope of the Report

The report provides a comprehensive and objective analysis of IBM's application outsourcing 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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Application Outsourcing Vendor Assessments Also Available for:

Amdocs, Atos, Capgemini, Cognizant, HP, Infosys, TCS, Steria and Wipro.