



Understanding Digital Transformation Services

Market Analysis
Abstract

November 2015
research.nelson-hall.com





Who Is This Report For?

NelsonHall's "Understanding Digital Transformation Services" report is a comprehensive market assessment report designed for:

- Sourcing managers investigating sourcing developments within digital transformation services i.e.
 - Cloud computing: infrastructure as a services (whether public, private or hybrid); applications of main SaaS ISVs (salesforce.com, Workday, ServiceNow, NetSuite, SAP' SaaS and Oracle's SaaS businesses); SaaS personal productivity applications (Google Apps for Work, Microsoft Office 365)
 - Analytics and big data (data warehousing, BI, big data, master data management, data quality, information life cycle management)
 - E-commerce (web sites, mobile apps and user experience)
 - IoT
- Vendor marketing, sales and business managers developing strategies to target digital transformation services opportunities
- Financial analysts and investors specializing in the IT services sector, and willing to understand how digital transformation services is impacting IT services vendors.

Scope of the Report

The report analyzes the worldwide market for digital transformation services. It addresses the following questions:

- What is the current and future market for digital transformation services?
- What are the client segments for digital transformation services and their characteristics? What are the drivers, benefits, and inhibitors for each segment?
- What is the size and growth of the digital transformation services markets by service line?
- How did spending grow in 2015 and how will it increase in 2016 and onwards?
- How is the market organized? Who are the main vendors?
- How will digital transformation services evolve in the next years?



Key Findings & Highlights

NelsonHall's market analysis of the digital transformation services (DTS) market consists of 81 pages. The report focuses on digital transformation services, looking overall and at each service offering individually.

DTS is a relatively vague notion that groups social mobility analytics cloud (SMAC). SMAC and DTS largely refer to areas of investment and growth from buy-side clients and IT service vendors respectively. DTS is more than a series of independent offerings in high demand: service offerings have become more integrated, and e-commerce sites are hosted on public clouds, systematically include integration with social tools and reporting and big data projects, and can be part of omni-channel initiatives.

Taking a wider perspective, digital transformation also refers directly or indirectly to security services, a pervasive offering that is found embedded in most other DTS and software development methodologies such as Agile or technologies (DevOps). DTS also refers to new business approaches (invest little/fail fast) and new business models (Airbnb and uberpop).

Not all clients active in digital transformation services want to reinvent their business model. We think cost savings is an element of any DTS project, and we estimate that ~10% of spending is purely focused on savings, through contracts such as hosting migration to Amazon Web Services or Microsoft Azure, or through to SaaS based personal productivity applications (Office 365, Apps for Work).

Another client segment focuses purely on improving its IT and business operations, and does so by deploying digital technologies. The range of use cases and possible technologies is broad; it ranges from clients implementing data integration portals to centralize information from different potentially aged software, to mobile enabling a web application. This can also include a client using a new way of developing applications. This client segment is primarily about technology transformation with an intention of providing a better service to businesses. We think this is the largest client segment, representing 40% of current DTS spending.

A third client segment, which we call digital increment clients, involves clients which want to take part in the business model disruption of their industries. Typically, this includes manufacturing firms implementing IoT projects and driving their product portfolio towards service-led. Digital increment clients are relatively uncommon and represent, we estimate, 20% of DTS spending.

Finally, clients reacting to a potential threat in their industries, either the retail banking industry, or the retail sector investing in omni-channel to integrate traditional and online/mobile purchasing businesses and responding to online competitors. This represents 30% of spending.

Contents

1.	Introduction
2.	Customer Requirements
3.	Changing Shape of Digital Transformation Services: Cloud Computing
4.	Changing Shape of Digital Transformation Services: Analytics & Big Data
5.	Changing Shape of Digital Transformation Services: E-Commerce
6.	Changing Shape of Digital Transformation Services: IoT
7.	Market Size and Growth
8.	Market Size and Growth: Per Service Segment
9.	Vendor Market Shares
10.	The Future of Digital Transformation Services: Myths
11.	The Future of Digital Transformation Services: Likely Evolutions

Report Length

81 slides, consisting of 11 chapters

Vendors Researched

This report includes revenues information for: Accenture, Atos, Capgemini, Cognizant, HP Enterprise Services, IBM Global Services and TCS.

Report Author

Dominique Raviart

Research Director, IT Services

dominique.raviart@nelson-hall.com