

# NTT Data closes its acquisition of Dell Services

---

Publication Date: 03 Nov 2016 | Product code: IT0019-003587

Ian Brown

---



## Ovum view

### Summary

NTT Data has completed its acquisition of Dell Services, which will be known as NTT Data Services for an interim period. The combined entity has global revenues of \$16bn, more than 100,000 employees, and a presence in more than 50 countries. By services revenues, NTT Data and NTT Data Services sit between the combined Hewlett Packard Enterprise Services/CSC and TCS.

### Dell acquisition brings new customers and focus to NTT Data

The acquisition of Dell Services is the latest element in NTT Data's strategy of pursuing global growth through acquisition. The acquisition brings a large North American customer base and more of a vertical focus in two sectors in particular (healthcare and financial services) to the business. NTT Data says there was only a 10% overlap between the two companies' customer bases.

Although growth in the North American market is a priority for NTT Data, the greater opportunity may lie in Europe, as both companies have wanted to expand their profiles in the region for some time. Both companies separately had a limited presence in Europe, even though NTT Data is a powerhouse systems integrator in Japan and the Asia-Pacific region. The combined operations mean that NTT Data Services has both a stronger presence in Europe as well as synergies that should play well together – notably, NTT Data's SAP and applications services, and Dell Services' financial services, healthcare, and BPO strengths.

NTT Data Services' go-to-market takes on the look and feel of Dell Services' approach, with four key verticals:

- Financial Services and Insurance
- Healthcare and Life Sciences
- Public Sector
- Manufacturing and Commercial

These are underpinned by Digital and Applications Services, Cloud, Infrastructure and Security Services, and BPO Services. The leadership team, under CEO John McCain, is composed mostly of NTT Data executives leading the core verticals, although some Dell Services veterans such as BPO head Tanvir Khan have remained with the organization.

Assuming that the companies can overcome the inherent risks and inertia in this type of deal (and from all indications they're off to a solid start), this acquisition could develop into one of the most effective in recent memory. NTT Data Services is a dedicated IT services company with a broader scope than its constituent companies, and for many enterprises in North America and Europe, that will make it an interesting new contender for their business. Existing customers should be prepared for the occasional minor discontinuity as the carve-out of Dell Services from its former owner takes place, but the company's ability to achieve a smooth transition will be a test of its resolve. Thankfully, Dell Services did an effective job in the last three years expanding its services portfolio beyond its core BPO strengths into application services and digital transformation-related offerings, so this isn't a case where NTT Data needs to build up a faltering set of services.

NTT Data Services will also need to establish its brand, and to that end an advertising campaign is to be rolled out in North America and Europe. For those customers unfamiliar with either Dell Services or NTT Data's now-global capabilities, this will be an opportunity to introduce the combined entity to potential new services customers. While not the largest services firm in the market, the company would be wise to try to position itself as a "modern" IT services provider, one that's global enough to provide a full portfolio and services delivery scale, but not so large that it can't adapt quickly and effectively to changing market forces and customer needs.

## Appendix

### Further reading

"Dell needs to define the value of Services in EMC merger," IT0019-003501 (October 2015)

### Author

Ian Brown, Senior Analyst, Networks and Cloud Services

[ian.brown@ovum.com](mailto:ian.brown@ovum.com)

John Madden, Practice Leader, Large Enterprise Services

[john.madden@ovum.com](mailto:john.madden@ovum.com)

### Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at [consulting@ovum.com](mailto:consulting@ovum.com).

### Copyright notice and disclaimer

The contents of this product are protected by international copyright laws, database rights and other intellectual property rights. The owner of these rights is Informa Telecoms and Media Limited, our affiliates or other third party licensors. All product and company names and logos contained within or appearing on this product are the trademarks, service marks or trading names of their respective owners, including Informa Telecoms and Media Limited. This product may not be copied, reproduced, distributed or transmitted in any form or by any means without the prior permission of Informa Telecoms and Media Limited.

Whilst reasonable efforts have been made to ensure that the information and content of this product was correct as at the date of first publication, neither Informa Telecoms and Media Limited nor any person engaged or employed by Informa Telecoms and Media Limited accepts any liability for any errors, omissions or other inaccuracies. Readers should independently verify any facts and figures as no liability can be accepted in this regard – readers assume full responsibility and risk accordingly for their use of such information and content.

Any views and/or opinions expressed in this product by individual authors or contributors are their personal views and/or opinions and do not necessarily reflect the views and/or opinions of Informa Telecoms and Media Limited.

## **CONTACT US**

[www.ovum.com](http://www.ovum.com)

[analystsupport@ovum.com](mailto:analystsupport@ovum.com)

## **INTERNATIONAL OFFICES**

Beijing

Dubai

Hong Kong

Hyderabad

Johannesburg

London

Melbourne

New York

San Francisco

Sao Paulo

Tokyo

