NEAT EVALUATION FOR NTT DATA:

Advanced Digital Workplace Services

Market Segment: Overall

Introduction

This is a custom report for NTT DATA presenting the findings of the 2023 NelsonHall NEAT vendor evaluation for *Advanced Digital Workplace Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of NTT DATA for advanced digital workplace services, and the latest market analysis summary.

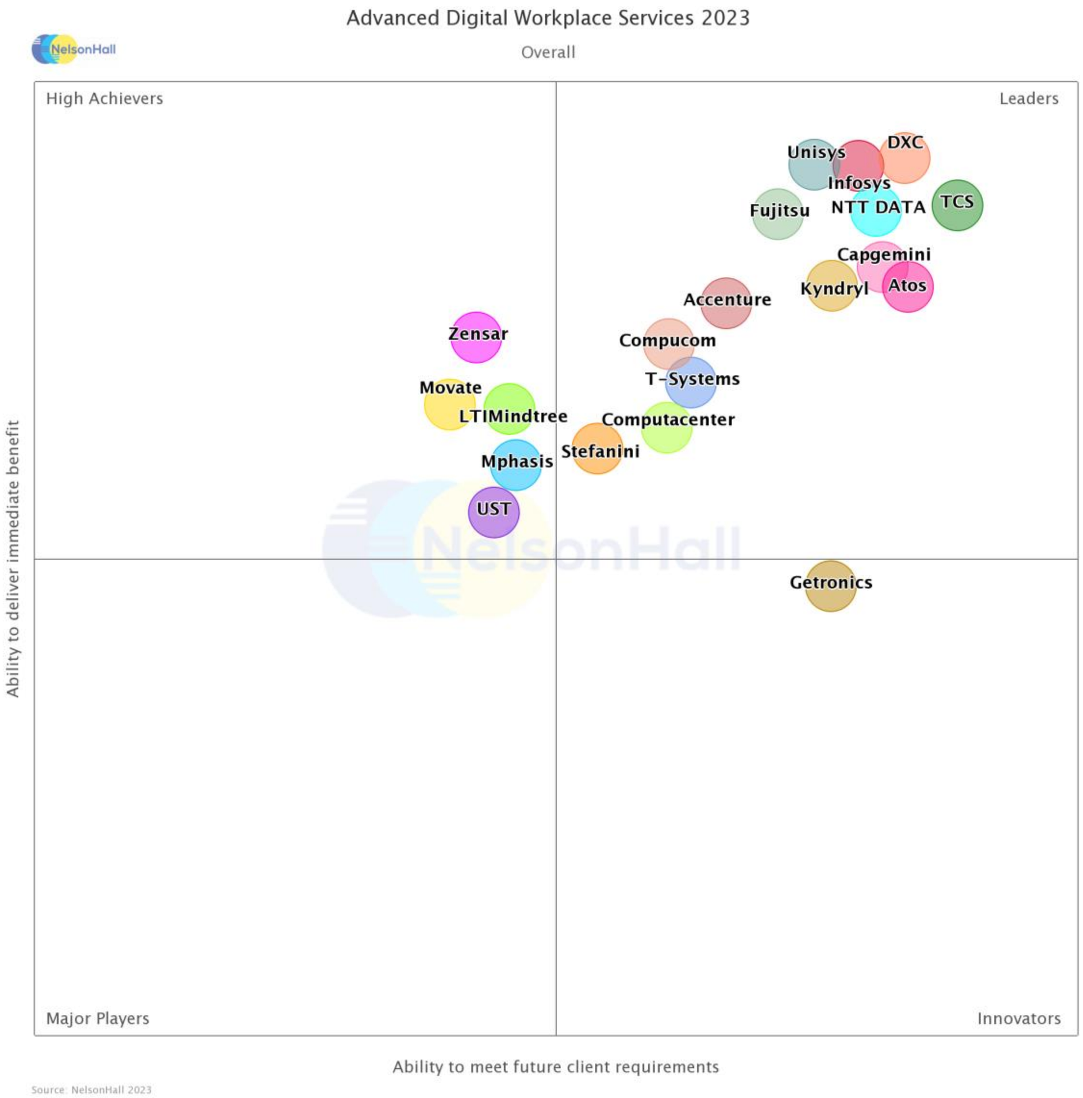
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering advanced digital workplace services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in build services, run services, and around Microsoft products.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Atos, Capgemini, Compucom, Computacenter, DXC Technology, Fujitsu, Getronics, Infosys, Kyndryl, LTIMindtree, Movate, Mphasis, NTT DATA, Stefanini, TCS, T-Systems, Unisys, UST, and Zensar Technologies.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Advanced Digital Workplace Services (Overall)



NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's overall ability to meet future client requirements as well as delivering immediate benefits to its digital workplace services clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Advanced Digital Workplace Services* NEAT tool (*Overall*) here.

Vendor Analysis Summary for NTT DATA

Overview

NTT DATA provides digital workplace services through its Nucleus platform and products. Nucleus continues to reduce operating costs via hyper automation and is utilized co-creatively to elevate the Digital Employee Experience and the client's business outcomes. NTT DATA claims to achieve a 40-55% automation rate across service desks, approaching client priorities across digital experience and workforce transformation, including talent attraction, retention, and re-skilling initiatives. Business resilience brings together different capabilities, including digital workplace service and network-as-a-service, edge-as-a-service, and finally, enabling a data-driven enterprise.

NTT DATA's digital workplace services sit within its digital operations framework, including application, multi-cloud as-services, BPO and BPaaS, network as-a-service, and edge as-a-service. NTT DATA looks to contextualize the digital workplace to enable capabilities to deliver the outcomes clients are looking for across the way we work (remote & hybrid), the way we operate (tooling investments), and the way we innovate (utilizing AI and ML). NTT DATA's desired outcomes include engaged and productive employees, data-driven decision-making, operational efficiency, sustainable innovation, an agile business model, and retaining and attracting talent.

Based on these client objectives, NTT DATA provides a mix of culture (to deliver secure and equitable employee experiences), operations (creating a secure environment with business resiliency), and technology (reducing digital friction and empowering business innovation).

NTT DATA's digital workplace portfolio includes:

- *Workplace Platform*: DaaS/device lifecycle management, VDI (includes self-heal and self-services of the virtual workspace), endpoint automation (self-heal, proactive monitoring and analytics, automated patch management), EMM, and modern device management (including monitoring and managing assets for individual and group productivity). Solutions and frameworks include a Nucleus storefront for the workplace, application deployment, and automation tools, endpoint design framework, and auto-provisioning

- *Workplace Collaboration*: content lifecycle management, productivity suite management, hybrid meetings/meeting rooms, cloud voice (including Teams) and operator connect, and communication management. Key frameworks and solutions include an NTT calling plan, cloud deployment framework, cloud voice automation with multiple carriers, AI-based self-heal, and self-service portal

- *Workplace Omnichannel User Support*: self-help and self-serve, intelligent portal (includes virtual assistant providing conversational AI support and automation of L1 activities), enterprise search, advanced service desk, and cloud-connected contact center. Key capabilities include IVR password reset, mobile workplace, catalog of Azure-enabled virtual assistants, Knowler, TOGO, a command center for DWS, service desk, LikeMyService, and Nucleus RPA

- *Workplace Device Support*: tech bar, kiosk, vending machine and lockers, field services cloud, automated inventory management, and AR/VR field support (real-time HD video, 3D spatial mapping, and dashboard and analytics). Solutions include Digital Humans, over-air partner dispatch, Nucleus utilities, and a command center for field services

- *Workplace Experience*: immersive experiences (includes Metaverse, digital human and digital twins), Workplace IoT, workforce readiness, DEX management (EX, CX, and BX scores), and digital events. Solutions include integrated OCM framework, workforce readiness data-driven tools, and XLA maturity framework.

Additional supporting capabilities include consulting, transformation, operations, digital workplace security, automation, and analytics powered by Nucleus.

Financials

NelsonHall estimates NTT DATA's CY 2022 revenues were ~$24.0bn, and of this, we estimate that ~7% (~$1.6bn) is associated with digital workplace services.

NelsonHall estimates the geographical split of NTT DATA's CY 2022 digital workplace services revenues to be:

- North America: 55% (~$880m)
- LATAM: 10% (~$160m)
- EMEA: 25% (~$400m)
- APAC: 10% (~$160m).

NelsonHall estimates the vertical industry split of NTT DATA's CY 2022 digital workplace services revenues to be:

- Manufacturing: 27% (~$432m)
- Healthcare & life sciences: 25% (~$400m)
- Financial services and insurance: 23% (~$368m)
- Government/public sector: 20% (~$320m)
- Energy & utilities: 3% (~$48m)
- Telecom and media: 2% (~$32m).

Strengths

- Focus on digital experience management, XLA maturity roadmap and framework, utilizing DEM and data in Nucleus to support XLAs to enable employee and client experiences
- Investing in Immersive experiences, including Digital Human, Digital Twin, and Metaverse
- Strong toolsets across both proprietary (Nucleus platform and products), acquired IP (Flux7, acorio, Nexiant, Postlight, Chainanalytics), and third-party in support of hyper-automation
- Increasing investment in automation, AR/VR in support of field services capabilities
- Development of workplace-specific Nucleus use cases and ongoing investment in automation, AI, ML, and analytics in support of the Nucleus platform
- Focus on OCM to drive digital adoption and employee wellness framework
- Increasing digital re-skilling and up-skilling initiatives

- Broad global delivery footprint across cloud and infrastructure services
- Expanding global CoEs and innovation centers
- NTT Group innovation fund and combination of NTT DATA and NTT Ltd, including edge-as-a-service and Cloud Voice and Operator Connect capabilities.

Challenges

- It will take time to migrate legacy clients to a modern workplace
- Limited client footprint in EMEA
- Expanding consulting & advisory capability
- Expediting digital re-skilling initiatives across NTT DATA, including site reliability engineering (SRE) capabilities
- Increasing sustainability and ESG offerings across the workplace.

Strategic Direction

NTT DATA is looking to expand its digital workplace services capabilities through the following initiatives over the next 12-18 months:

Investing in IP and Accelerators

- Investing in workplace platforms, collaboration, omnichannel support (self-help, self-service, and conversational AI through Kore.ai), device support and driving more automation (Nucleus), AR/VR, and efficiency across field services
- OCM: utilizing a data-driven approach to identify specific changes to deliver compelling content to enable new ways of working
- Immersive experience including Digital Human, Digital Twin, and Metaverse
- Digital Experience Management: investing in XLA roadmap to assess client maturity, XLA framework, and DEM platform built into Nucleus to drive employee outcomes
- Workplace IoT and utilizing NTT DATA edge-as-a-service and smart buildings in support of sustainability initiatives.

NTT Innovation

- Participation in NTT's more significant investments and partner ecosystem, including digital practices, innovation studios, and focus labs. Includes NTT research, NTT disruption, and NTT venture capital, NTT DATA open innovation challenge and MIT labs partnership
- Investing in flexible partnership and gain share models, including co-innovation gain share, commercialization royalties, and JVs
- Jointly commercializing products and services by leveraging NTT client and partner network and as an integral part of NTT go-to-market activities. In addition, access to strategy and solution experts to drive client centricity through a co-innovation model
- Investing in Microsoft and ServiceNow strategic partnership and driving employee productivity through automation with the Microsoft ecosystem.

Investing in the Nucleus Platform

- Extending and enhancing Command Center for Service Desk
- Enhancing Nucleus Storefront for Workplace
- Enhancing DIF quality framework, management, integration, data governance, and security. Also, standardizing DIF data ingestion
- Re-designing the platform to leverage more native Azure functions
- Expanding ecosystem of integrated third-party tooling providers within the established reference architecture of Nucleus
- Increasing investment in AI/ML to deliver AIOps.

Developing skillsets

- Increased investment in Agile PODs and CoEs in support of hyper-automation
- Investing in NTT DATA well-being framework
- Expanding skills, including agilists, SRE, DevOps, and app development, from college hires, digital re-skilling, and hiring, with a clear focus on in-house training, development, and retention.

Outlook

NTT DATA provides digital workplace services through its Nucleus platform and products focusing on hyper-automation, user-centricity, and co-creation to drive employee experience and client outcomes, and it focuses on culture, operations, and technology to meet these objectives. It focuses on OCM through a data-driven approach to identify specific changes and enable digital adoption and new working methods.

The company focuses strongly on employee well-being through its dedicated well-being framework.

It must continue ramping up its consulting and advisory resources to drive co-creation initiatives with clients. It also utilizes capabilities across NTT Ltd, including Cloud Voice and Operator Connect, to connect Microsoft Teams and WebEx with analog. It further leverages edge-as-a-service and smart building technologies in support of field services. It has an opportunity to link this capability in support of the client's ESG/sustainability initiatives.

A key investment across immersive experiences includes Digital Human and Metaverse capabilities. NTT DATA continues to invest in its Nucleus platform, providing multiple capabilities in support of the digital workplace across the command center, storefront, virtual agent, and automation. A key capability includes its digital experience manager (DEM), enabling monitoring of employees' digital device experience. We expect NTT DATA to develop other use cases in support of Nucleus Workplace across AIOps and data analytics capabilities.

NTT DATA is investing in DEM, including the XLA roadmap to identify client maturity and its XLA framework, which has several XLAs defined, and focused on employee and client experience. It will need to expand its XLAs across clients, including its legacy client base, which will take time. We also expect NTT DATA to utilize OCM capabilities and innovation CoEs to further to drive this.

NTT DATA also focuses on digital re-skilling, up-skilling, and training, including through its Nucleus Academy program. It is also looking to deepen strategic hyperscaler relationships, particularly with Microsoft, to utilize its automation capabilities further to drive employee productivity. Finally, we expect NTT DATA to make further potential bolt-on acquisitions supporting digital workplace services, particularly across AI, automation, and analytics.

Advanced Digital Workplace Services Market Summary

Buy-Side Dynamics

Buyers of digital workplace services look for the following attributes and capabilities when selecting a vendor:

- Expanding customer experience office (CXO) to monitor and measure sentiment and experience through dedicated platforms and ecosystem partner tools. Includes measuring experience across persona, journey, location, and service
- Increasing XLA frameworks and XPIs in support of business outcomes and deploying Microsoft Viva and wellness and engagement platform for employees
- Driving personas by industry and personalized experience services
- Increasing the use of conversational AI and integrating self-heal with virtual agent
- Ramping development of prototypes, POCs, and development of use cases in support of GenAI, including utilization of agent assist on service desk; and expanding capabilities with M365 Copilot, Azure Open AI, and ChatGPT connectors with partners
- Provision of proactive and predictive support services (self-healing, remote monitoring, automation, AIOps, cognitive service desk, and proactive and predictive analytics)
- Driving pervasive automation, change, and culture across the enterprise
- Moving from an L1/2/3 mindset to a real-time data insights-driven approach supported by site reliability engineers (SRE) approving machine recommendations
- Expediting resources building automation and GenAI use cases and system capability by industry
- Developing end-to-end net-zero portfolios and Green apps to monitor and reduce carbon footprint and supporting sustainable employees through personalized sustainability scoring and gamification
- Focusing on immersive capabilities, including Metaverse, in support of onboarding, training, learning, virtual meetings and events
- Utilizing AR/VR/MR for remote support and field services and connecting via Teams to a central command center for guided video resolution
- Driving digital adoption through organizational change management (OCM)
- Provision of design-thinking-led consulting engagements (including the use of GenAI to stimulate ideas), supplemented with dedicated innovation centers for co-innovation and co-creation across hybrid digital workplaces and workforces
- Increasing usage of end-user analytics tools (including Nexthink, 1E Tachyon, Qualtrics, and SysTrack) to monitor end-user consumption and sentiment based on personas to drive even deeper personalization and UX.

Market Size & Growth

The global digital workplace services market is worth $44.8bn in 2023 and will grow 3.0% per annum to reach ~$50.5bn by 2027. Growth over the next 12 months will be driven by enterprise-wide adoption of digital support services, intelligent collaboration, modern management, and ESG/sustainability initiatives. This is further driven by enterprises focusing on reducing operating costs and increasing innovation in the face of both uncertain revenues and current macro environment pressures.

North America will account for 37% of the overall digital workplace services market in 2027, with overall growth of 2.2%, impacted by macroeconomic conditions and IT spending dynamics in the U.S. through to H1 2024. EMEA is growing at 2.8%, making up 35% of the overall market by 2027. APAC will see single-digit growth through 2027, with LatAm also with lower single-digit growth in the same period. BFSI, transport, retail, healthcare, and manufacturing will see the highest growth in digital workplace services through 2027.

Success Factors

Critical success factors for vendors within the digital workplace services market are:

- Providing a unified omnichannel platform to enable users to access work, support, and collaboration, all integrated with Microsoft Teams; expanding conversational AI capabilities, including GenAI in support of service desk agents; utilizing location-aware smart lockers with AI virtual agent to facilitate the entire contact/incident/resolution lifecycle using automation with intelligence
- Increasing onshore consulting and advisory services, supported by digital workplace SMEs, focused on co-creation, design, and a human-centric approach to drive a holistic employee experience across the enterprise; expanding dedicated CoEs and practices in support of the hybrid workplace
- Ramping digital reskilling and new skill sets, including automation architects, AI/ML (including generative) specialists, site reliability engineers, machine coaches, business value specialists, experience leads, and hyperscaler full-stack engineers
- Providing Evergreen services to enable clients to keep updated with the latest features and license utilization. This includes Win11, M365, Viva, Copilot, and Windows 365 Cloud PC. This also includes Evergreen CoE providing support and driving the adoption of new features
- Expanding GenAI capabilities beyond service desk (agent assist) in areas including HR (recruitment, onboarding, learning & development), bid submissions, and RFPs; using AIOps to trigger automation and enable automated remediation, expanding AIOps to No-Ops cloud-managed services, and developing more complex use cases supporting a hybrid workplace environment; providing one-click resolution of common issues and conversational AI virtual agents. In addition, enacting event and incident automation to diagnose and remediate (self-heal) incidents through AI bots and proactive and predictive analytics
- Increasing focus on Digital Experience Management (DEM) platforms, with multiple XPIs feeding into XLAs and focusing on employee experience through personalized engagements; expanding proactive experience centers to monitor real-time data insights and XLA dashboard performance
- Expanding AR/VR, immersive, and Metaverse capabilities to support remote field support and mixed reality IoT with Virtual Twin; increasing innovation hubs to drive an experience-

led approach and support co-innovation with clients on hybrid work environments, and expanding the XMO-based approach

- Greater utilization of OCM to drive digital adoption, taking a data-driven approach, feeding experience data to OCM team; using this to determine which employees are on board and which are not and utilizing partner technologies (i.e., 1E, ServiceNow, etc) to personalize the approach and onboard users. Also, using AI to determine and predict the impact of users not using technology when deployed
- Driving a hyper-personalized approach at the start of client engagements to better understand the client's business and customize services accordingly. Also, defining personas by industry (including frontline workers) and personalized experience services across the workplace and wider enterprise ecosystem
- Developing a holistic view of ESG and sustainability across hybrid workplace services with a single platform underpinned by responsible workplace offerings; utilizing device as a service (DaaS) to manage device lifecycle, circular services, and PC as a Service (PCaaS), automating actions through remediation and self-healing, and reducing support footprints through proactive resolution; empowering end-users through OCM and Green apps (inc. gamification) to measure personalized carbon reduction achievements.

Challenges

- Clients are placing greater focus on vendors supporting their net-zero and sustainability initiatives. They are looking for a holistic view across the workplace through a single platform and taxonomy providing responsible DWS offerings
- Clients want to utilize OCM to enable a data-driven approach to identify specific changes to deliver compelling content to enable new ways of working. In addition, clients are further challenging vendors to deliver tailored workplace solutions targeting industry objectives to drive adoption further
- Clients want vendors to focus on enabling the transformation to a hybrid workplace environment
- Clients are looking for vendors to take a design-thinking and co-creation approach to develop use cases across gen-AI, expanding capabilities beyond the service desk and virtual agent to support the broader enterprise (i.e., onboarding and training). Clients want to utilize immersive technologies and Metaverse to support collaboration and improve UX
- Clients need to leverage existing investments in support of experience and develop XLAs in support of business outcomes
- Clients need to enable a hybrid workforce to foster engagement and collaboration in support of a dynamic workforce; and to optimize employee experience to maintain a satisfied and productive workforce.

Outlook

The future direction for digital workplace services will include:

- GenAI POCs moving into production with more complex use cases in support of self-service, self-heal, agent assist, training, onboarding, HR, CSAT (surveys and user insights), RFP, and bid support across workplace services; increasing investment in workplace platforms, collaboration, and omnichannel support (driven by conversational AI)
- Standard adoption of XLAs in support of business outcomes and tailored by persona and tracked and monitored through proactive service centers; experience governance boards with clients to map the XLA lifecycle
- Increased investment in ESG and sustainability unification across platforms and industrialization across cloud, cyber, workplace, and sector knowledge to drive specific industry solutions in support of sustainability
- Investing in platforms for the future of work using AI to enable a decentralized work environment supporting the gig economy. This includes enabling employees to find 'gigs' relevant to their skills or skills/certifications they aspire to achieve as they grow as part of an organization
- Greater focus on skills development, including SRE, AI SMEs (including GenAI), innovation and experience leads, and full-stack engineers. Also, investing in Talent Clouds to drive a location-independent agile workforce
- Utilization of swarming with engineer resolver groups to expedite faster resolutions for end-user issues
- Increasing focus on total experience (TX), a combination of employee experience and customer experience, and enhancing through unified observability, data mesh technology, and a common data model
- Enhancing vendor innovation ecosystems and providing a framework of tools and integration options to support business-line-focused client innovation initiatives and roadmaps
- Vendors will increase joint GTM and CoEs with strategic ecosystem partners (i.e., Microsoft, AWS, Google, Citrix, VMware) across Modern Management, DaaS, experience, and Cloud Workspace.

NEAT Methodology for Advanced Digital Workplace Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- Leaders: vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- High Achievers: vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- Innovators: vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- Major Players: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offering	VDI and DaaS services and capabilities Modern management and Evergreen services capabilities XLA-based engagement and experience capabilities Intelligent collaboration and M365 capabilities Digital support services and AI-enabled capabilities AR/VR, immersive and ESG capabilities Workplace security services
Delivery	DWS North America delivery capabilities DWS EMEA delivery capabilities DWS APAC delivery capabilities DWS LatAm delivery capabilities Dedicated resources for build capabilities and consulting-led approach Dedicated resources for run capabilities including CoE's, innovation centers; and reskilling programs Ability to provide proactive and predictive self-serve and self-heal capabilities Ability to support next-generation AI-led workplace services, including Gen-AI Ability to utilize analytics to improve end-user insights and overall employee experience Extent of ecosystem partners and GTM for digital workplace services
Presence	Scale of Ops - Overall Scale of Ops - NA Scale of Ops - EMEA Scale of Ops - APAC Scale of Ops - LATAM Number of clients overall for digital workplace services
Benefits Achieved	Level of cost savings achieved Improved speed problem resolution Reduced number of service tickets Increased end-user/business satisfaction Pricing approach

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Overall Future Commitment to Advanced DWS	Financial rating Commitment to next generation digital workplace services Commitment to innovation in digital workplace services
Investments in Advanced DWS	Investment in IP and platforms in support of DWS Investment in support of virtualization and DaaS Investment in support of modern management (inc. Evergeen) Investment in support of XLAs and experience based approach to workplace Investment in support of intelligent collaboration Investment in support of AI-enabled services, and data-driven proactive approach to DWS Investment in support of AR/VR, immersive, and ESG services
Ability to Partner and Evolve Services	Key partner Ability to evolve services

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

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Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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