IDC MarketScape

IDC MarketScape: Asia/Pacific SAP Implementation Services Vendor Assessment, 2022

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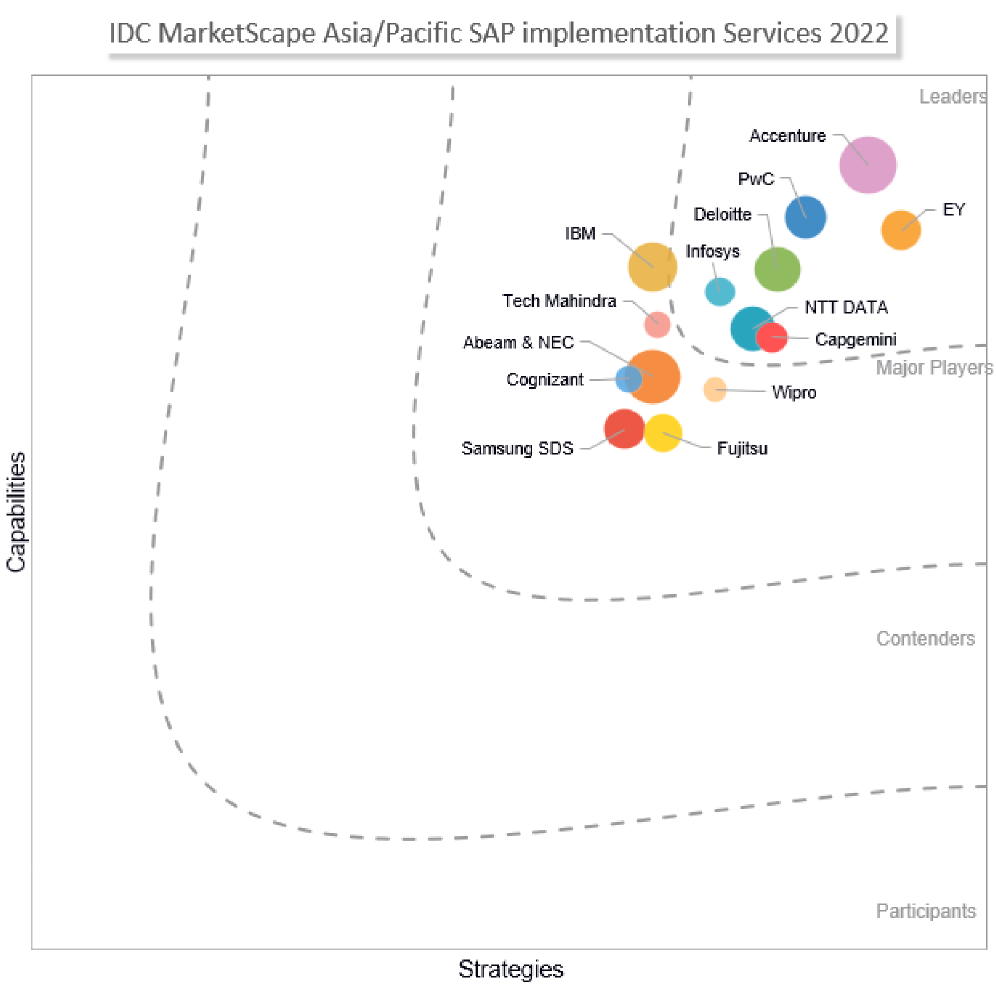
THIS MARKETSCAPE EXCERPT FEATURES NTT DATA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Asia/Pacific SAP Implementation Services Vendor Assessment, 2022



Source: IDC, 2022

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Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape Asia/Pacific SAP Implementation Services 2022 Vendor Assessment (Doc #AP48871022). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Featured Vendor Profile, Appendix and Learn More. Also included are Figure 1 and Figure 2.

IDC OPINION

SAP provides a comprehensive suite of enterprise applications, platforms, and services that address the day-to-day operational needs of businesses across industries. Through its long operating history and strong technological capabilities, SAP has become one of the most widely used technology solutions that underpin the foundation of modern businesses.

The Asia/Pacific region is witnessing a significant shift in the SAP implementation services ecosystem with growing IT complexities and ongoing business disruptions. Beyond just pure-play technology implementation, SAP's service partner ecosystem plays a pivotal role in helping enterprise customers reduce the complexity in implementing and migrating to next-generation SAP solutions by creating comprehensive road maps for implementation, streamlining new internal business processes, managing the internal and external stakeholder experience, crafting new strategies to minimize disruption to critical business operations, and ensuring the SAP implementation stays within budget and on time. Additionally, enterprise customers also bank on the in-depth expertise of their implementation partners to unlock business outcomes from their SAP investments and prepare them to capitalize on new opportunities from SAP's growing digital ecosystem. SAP's cloud business is also continuing to grow. Enterprises in Asia/Pacific are modernizing on-premises legacy systems by moving to either cloud first across all areas or a hybrid mix of on-premises deployments tied to cloud line-of-business (LOB) applications.

In addition to shifting its focus to the cloud, another strategic focus for the coming years is the migration of SAP's customer base to S/4HANA, its next-generation enterprise resource planning (ERP) suite. S/4HANA offers advancements in technology and software capabilities that enable customers to transform into what SAP envisioned as "Intelligent Enterprise" — an event-driven, real-time business powered by technology. IDC surveys revealed that many customers faced challenges in upgrading to S/4HANA as this migration represents not only a technical upgrade but also significant changes to their broader IT strategy. According to IDC's *2020 Asia/Pacific IT and Business Services Survey*, 67% of current SAP customers in Asia/Pacific are on board with SAP's vision of creating an Intelligent Enterprise with SAP S/4HANA as the transformation core. As enterprises evaluate several tactics to modernize their SAP landscapes, the implementation partner ecosystem is investing in building the talent base and local reach to help customers accelerate their transition to S/4HANA.

This IDC study assesses 14 SAP implementation vendors in the Asia/Pacific region on both the strength of their current SAP implementation service capabilities and how well placed they are to grow the adoption of SAP solutions with their respective sound growth strategies. The key findings include:

- **Strong range of services to support SAP implementations.** This evaluation finds that SAP implementation vendors performed well in terms of capabilities, suggesting that most had mature SAP practices and provided a broad range of services. We found that vendors emphasized strongly on customer retention more so than in the past, consequently accelerating the deployment of local resources and delivery centers in the Asia/Pacific region close to the customer to resolve problems/issues.
- **Top 5 capabilities.** The top 5 capabilities that vendors did extremely well are a strong range of services, the geographic footprint of support, cloud capabilities, customer satisfaction, and S/4HANA services.
- **Top strategies in focus.** From the overall assessment of the strategy criteria, IDC observed that vendors strived to fine-tune regional strategies for the effective growth of SAP services in Asia/Pacific, enabled mainly by investments in more efficient tools, platforms, frameworks, and methodologies to support SAP implementations, S/4HANA, and cloud migrations.
- **S/4HANA services are underpinned by business transformation.** According to the *IDC Asia/Pacific Excluding Japan) Enterprise Services and Security Sourcing Survey, 2021,* close to a quarter of current SAP customers in Asia/Pacific (excluding Japan) (APEJ) plan to undertake a greenfield approach to S/4HANA transformation, elevating the implementation not just as a technical upgrade exercise but as an opportunity to bring core business transformation. Additionally, customers who adopted a brownfield migration to S/4HANA are now leveraging the service provider ecosystem to identify areas of transformation to enhance value from their S/4HANA investments.
- **Enabling sustainability goals.** As sustainability reporting is becoming a mandate in many parts of the Asia/Pacific region, enterprises are setting aggressive goals and positioning to remain compliant with sustainable operations. As such, vendors are investing ahead of the curve in building environmental, social, and governance (ESG) solutions on SAP that helps enterprises set, track, and report sustainability initiatives across business operations.
- **RISE with SAP gaining traction.** RISE with SAP aims to help enterprises accelerate their journey to Intelligent Enterprise by removing the complexity and costs of running legacy SAP systems. Apart from helping enterprises seize the efficiencies enabled by the cloud, RISE with SAP hinges its differentiation on business innovation, transformation, and IT modernization. SAP's partner ecosystem, especially the service providers, is at the core of its business transformation as a service offering. IDC's analysis also found that vendor capabilities varied significantly to support the depth and breadth of RISE with SAP, especially in business transformation expertise, cloud capabilities, industry alignment, and so forth.
- **Talent enablement across market units.** Among the vendors evaluated by IDC, India held the largest talent pool for SAP resources in Asia/Pacific, followed by Japan, Southeast Asia, Australia/New Zealand (ANZ), and China. All the vendors emphasized on the strong commitment to growing internal talent readiness to support the evolving SAP technologies across solution areas, especially S/4HANA.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This evaluation does not offer an exhaustive list of all the players in the Asia/Pacific SAP implementation services partner ecosystem. IDC narrowed down the field of players based on the following criteria and subsequently collected and analyzed data on these 14 implementation services partners for this IDC MarketScape:

- **Service capabilities.** A key expectation of vendors in participating in the study is they are part of SAP's partner ecosystem (SAP PartnerEdge Platinum Partners, SAP PartnerEdge Gold Partners, or SAP PartnerEdge Silver Partners in Asia/Pacific) providing end-to-end services that span consulting and advisory services, customization/development services, systems integration (SI) services, and migration services in Asia/Pacific. IDC also expects the vendor to have demonstrated similar capabilities around next-generation SAP products toward which most customers are gravitating, such as S/4HANA, SAP Cloud Platform, and so forth. Even though it provides the full range of SAP implementation services, SAP Services Business is not part of the evaluation because of the special position it maintains as part of SAP and not as part of the partner ecosystem.
- **Revenue.** Each service provider was required to have a 2021 total revenue (from SAP implementation services) that exceeded US$30 million from the Asia/Pacific region.
- **Geographical presence.** Each participating vendor was required to have implementation services capabilities in at least three sub-Asia/Pacific regions: North Asia (South Korea), Greater China (China, Hong Kong, and Taiwan), Southeast Asia (Singapore, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines), India, ANZ, and Japan.
- **Offerings covered.** Service providers should demonstrate implementation services (on-premises and cloud-based implementations) around any three of the major offerings in SAP's portfolio of offerings. This includes ERP and finance (S/4HANA services are mandatory), customer relationship management (CRM) and customer experience, spend management, supply chain management (SCM), human capital management (HCM), and RISE with SAP (optional). This study does not cover the services around the business technology platform suite of solutions.

ADVICE FOR TECHNOLOGY BUYERS

This IDC study represents a vendor analysis and assessment of the 2022 Asia/Pacific SAP implementation services market through the IDC MarketScape model. This research explains vendors' success in the SAP implementation services marketplace and how well placed they are to grow in the Asia/Pacific region.

Based on this study, IDC recommends that buyers consider the following pieces of advice before starting new SAP implementations or while embarking on a transformation journey:

- **Start with a comprehensive road map.** The road to implementation will have several unforeseen challenges. It is critical that organizations address concerns of LOB, such as product features, security, cost, skill gaps, time to market, customizations, and so forth, before the implementation kickoff. Hence, it is necessary that enterprises create a holistic modernization road map before embarking on an implementation and service provider selection journey.
- **Leverage service provider platforms to visualize the end state and impact on business.** Many SAP implementation partners offer technical assessments, simulation platforms, and instances on the cloud to help enterprises understand the impact on current business processes after implementing next-generation SAP solutions. Leverage these simulations to visualize key business outcomes and the degree of change management required to minimize business disruption during transitions. Do not only rely on product demos. Most implementation failures arise when enterprises try to force-fit SAP solutions to current business processes without adequate planning before the project kickoff from change management and business process reengineering (BPR) perspective.

- **Realize value early and iterate for success.** Approach SAP implementations with an aim to realize value early in the implementation cycle. Embrace the clean ERP approach by implementing a system with minimal customizations, and in iteration. IDC recommends buyers leverage the repeatable vertical-specific templates and best practices available with implementation partners to reduce risk and ensure faster time to value.
- **Manage the growing ecosystem of partners.** SAP's partner ecosystem continues to grow as it introduces new offerings and shifts its focus to a cloud-first strategy. It is imperative that enterprise customers tap into the growing ecosystem of partners to fuel innovation, but this also means enterprises can be influenced to overthink the design phase, overrun the budget of implementation, and diverge from the organization's digital transformation (DX) road map. It is important for enterprises to manage the expectations with all the partners involved in the implementation (hyperscalers, service providers, business consultants, and so forth) so that they work toward a common goal (i.e., the business and IT outcome set by the enterprise leadership that are in alignment with the DX road map of the enterprise).

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. The description here provides a summary of the vendor's strengths and opportunities.

NTT DATA

According to IDC analysis and buyer perception, NTT DATA is positioned in the Leaders category in the 2022 IDC MarketScape for Asia/Pacific SAP implementation services.

NTT DATA is a global business and IT service provider with roots dating back to 1967 when it was established as the IT services arm of Nippon Telegraph and Telephone Japan. Over the years, NTT DATA has expanded its operations to over 50 countries providing business and IT services. Recently, NTT Corporation has been on a reorganizational transformation journey announcing that it will combine NTT DATA, NTT, Inc., and NTT Ltd. to facilitate faster growth and expansion of the company outside of Japan while developing their business as a unified group of companies.

NTT DATA provides the full life cycle of SAP implementation services (consulting, design, SI, migration, and so forth) across the full spectrum of core SAP products in Asia/Pacific.

NTT DATA hinges its differentiation in the SAP services market on its comprehensive industry solutions (especially in the automotive, manufacturing, and healthcare/pharma sectors), value-based engagement models, and strong regional delivery capabilities in Asia/Pacific. Additionally, NTT DATA has made considerable progress in catering to large SAP transformation supported by its Large Enterprise Acceleration Program (LEAP), which is a global strategic initiative to guide large clients in specific industries to accelerate their technology-enabled business transformations. NTT DATA's Migration and Conversion Factory for SAP S/4HANA organizes its S/4HANA offerings to enable a best practice–driven approach to migrations and upgrades. Additionally, it houses a host of packaged solutions to lift existing ERP systems to SAP S/4HANA. As part of NTT DATA's co-innovation efforts, it has co-developed solutions with SAP in certain areas, including logistics, master data management, customer service, and so forth.

At the time of this study, NTT DATA had a larger distribution of clients in Southeast Asia, followed by India, Japan, ANZ, and the Greater China region. The largest verticals in NTT DATA's SAP services are the automotive, manufacturing, and healthcare sectors. Additionally, NTT DATA has local delivery capabilities and resources in all major market units in Asia/Pacific. Currently, NTT DATA has a higher distribution of SAP skilled resources in India, followed by Japan, Southeast Asia, the Greater China region, and ANZ.

Strengths

- **Balanced mid to large-market presence.** NTT DATA's localization efforts for each of the key regions in Asia/Pacific have given it significant traction among midmarket customers in the Asia/Pacific region. Additionally, NTT DATA's industry accelerators have enabled it to help organizations at the lower end of DX maturity leapfrog into the cloud and the latest SAP solutions.
- **Strong S/4HANA transformation capabilities.** NTT DATA has a compelling track record in S/4HANA implementations in Asia/Pacific, backed by a strong set of well-defined implementation methodologies, IP, accelerators, and industrialized conversion factories models for seamless S/4HANA transformations.
- **Regional delivery capabilities.** NTT DATA has strengthened its regional delivery capabilities in the Asia/Pacific region with local consultants and project teams to cater to customers in locations in which they operate. Additionally, NTT DATA has made strategic acquisitions to strengthen its business outside of Japan in the Asia/Pacific region and partnership with SAP to approach customers in key industries.

Challenges

- NTT DATA needs to strengthen its marketing initiatives to highlight transformation engagements in Asia/Pacific, especially those that hinged on RISE with SAP.
- NTT DATA needs to double down on its efforts to increase the certification of its internal talent base.

Consider NTT DATA When

NTT DATA, with its localized offerings, is a good fit for both medium-sized and large enterprises in Asia/Pacific evaluating implementation or migration to next-generation SAP solutions. Additionally, enterprises in industries, such as automotive, manufacturing, and healthcare, can leverage NTT DATA's proven model company solutions to enhance time to value from SAP investments.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is with customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and GTM plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape is a visual representation of the relative market shares of each individual vendor within the specific market segment being assessed but should not be taken to represent proportionate absolute market shares.

IDC MarketScape Methodology

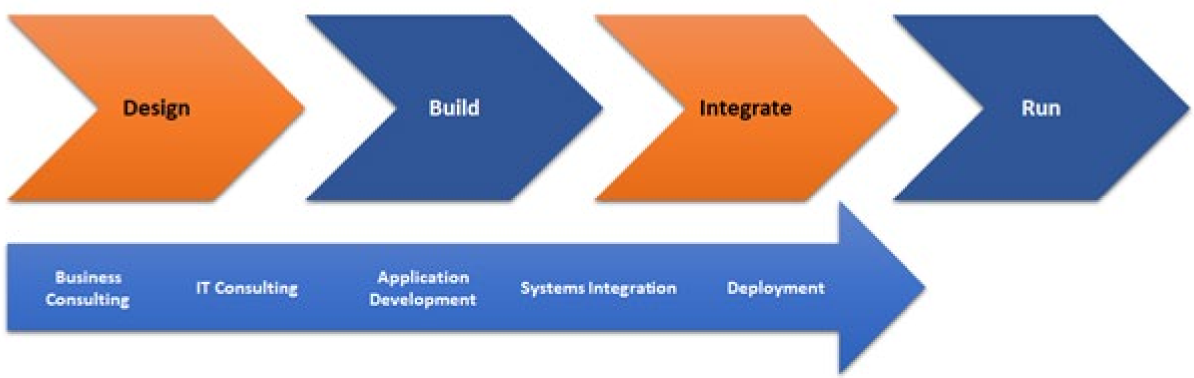
IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences to provide an accurate and consistent assessment of each vendor's characteristics, behaviors, and capabilities.

Market Definition

The SAP implementation services market covers the design, build, and integrate functions of the design-build-run function chain (see Figure 2). The design phase includes both IT and business consulting. For a detailed definition of the services markets illustrated in Figure 2, see *IDC's Worldwide Services Taxonomy, 2021* (IDC #US44916019, March 2019).

FIGURE 2

IDC's Design-Build-Run Function Chain



Source: IDC, 2022

Strategies and Capabilities Criteria

In our aim for this IDC MarketScape study to measure the vendors' ability to provide end-to-end SAP implementation services, we have particularly assessed vendors on:

- The localization strategy of implementation vendors to capitalize on the growing opportunities in the Asia/Pacific region
- The ability to provide consulting and advisory services across a broad spectrum of SAP solutions (before and after implementation)

- Capabilities to improve the speed of SAP implementations translating to better time to value for the buyer's SAP solutions
- Current capabilities and strategies in place to grow S/4HANA and SAP cloud deployments in Asia/Pacific
- Industry expertise and portfolio of tailored industry solutions built on SAP, especially the focus on creating model company solutions in various industries and LOBs
- Current strength of the SAP implementation services team, regional presence, and talent development initiatives that address the growing concerns regarding talent shortage
- Customer feedback on the vendor's service capabilities across a spectrum of service criteria instrumental for a successful SAP implementation

LEARN MORE

Related Research

- *IDC Worldwide CEO Survey 2022 The CEO Tech Agenda in a Digital-First World – An APJ Perspective, Part 5 – Strategic Technology Partners and Vendor Selection* (IDC #AP49220622, June 2022)
- *Asia/Pacific (Excluding Japan) Application Management Services Market Share, 2021: IDC's Top 10 Vendors* (IDC #AP48492422, May 2022)
- *The Application Modernization Imperative in Asia/Pacific (Excluding Japan), 2022 Update* (IDC #AP48492721, February 2022)
- *Key S/4HANA Services Adoption Trends in APEJ: Results from IDC's 2021 APEJ Enterprise Services Sourcing Survey* (IDC #AP47765422, September 2021)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the SAP implementation services market with specific offerings and capabilities in the segment. It discusses both the quantitative and qualitative characteristics that lead to success in the ecosystem. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to one another and the criteria and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"Enterprises in Asia/Pacific will bank on the expertise of SAP service providers to unlock business outcomes, and more importantly, identify areas of transformation to enhance value from their SAP investments. Service providers that can bring together industry and functional expertise, stronger ecosystem play, and deep SAP technical knowledge will foster a long-term relationship with clients," says Rijo George Thomas, research manager Software and Services Research, IDC Asia/Pacific.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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