



# HfS Blueprint Report

## SuccessFactors Services 2016

### Excerpt for NTT Data

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# Executive Summary



# Introduction to the HfS Blueprint Report: SuccessFactors Services 2016

- The 2016 HfS SuccessFactors Services Blueprint Report continues our theme of looking at services sets regarding the planning, implementation, management, and operations of leading software-as-a-service platforms.
- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets under two main categories: innovation and execution.
- This Blueprint Report looks at the innovation and execution capabilities of thirteen service providers in detail and provides a mini profile of capabilities for two more. These service providers are the leaders in this market and the major partners for SAP SuccessFactors in delivering this platform to enterprises today.

# SuccessFactors: Technologies and Services

- HfS has defined the services set for this blueprint as built around all of the modules in the SuccessFactors Human Capital Management (HCM) suite. These include:
  - Core HR: Employee central and employee central payroll
  - SuccessFactors Talent Solutions: Recruitment, onboarding, learning, performance and goals, compensation, succession, and development
  - SuccessFactors Analytics Solutions: Workforce analytics, workforce planning
  - Social Collaboration: SAP Jam
- There are new releases or enhancements every quarter.
- SAP SuccessFactors provides the following services:
  - SAP Cloud Professional Services: This includes configuration and implementation advice.
  - SAP Education for SuccessFactors HCM Suite: This includes training and consulting services, including best practice advice.



# SAP PartnerEdge: Service Program

- **SAP PartnerEdge Program:** SAP has simplified its partner program, which extends to SuccessFactors service partners. It is a tiered system that includes partners from those focusing on resale to those providing deep business insights. All partners have access to information, advice, training, and tools. There are two broad levels of partners:
  - **SAP PartnerEdge Open Ecosystem for Service:** This is for smaller consulting and system integration providers and practices initializing their relationship with SAP and SuccessFactors. Partners have access to some free information, training, and tools.
  - **SAP PartnerEdge for Service:** This is for established SAP SuccessFactors service providers and practices. Partners must pay an annual fee and commit to continuous improvement to remain part of the PartnerEdge program. There are three levels of partnership within the SAP PartnerEdge Service program: Silver, Gold, and Platinum. Partners can move up to the next level by accruing Value Points, but Platinum partners are selected by SuccessFactors invitation only.
  - **Run SAP Solutions:** This includes SAP Outsourcing and Operations partners. SAP provides certification of local or global support capabilities. Examples include IBM and TCS.
- SAP is transitioning SuccessFactors service provider partners to the PartnerEdge program, including re-aligning partner levels to the new definitions (Silver, Gold, Platinum).

# Additional SAP Partner Levels

- Partners can also achieve the following partner levels:
  - **Global Strategic Services partner:** Examples include Accenture, Capgemini, Cognizant, HCL, IBM, NTT Data, and Wipro.
  - **Global Services partner:** Examples include EY, Hexaware, NGA Human Resources, and TCS.
  - **Global Value Added Reseller:** This includes nearly all the providers included in the Blueprint.
  - **Business Process Outsourcing partner:** Examples include HCL, TCS, and Wipro.
  - Other partner levels include: Global Technology Partner, Education Partner, and Application Development Partner.
- A service provider may hold a specific partner level for just one country or region.
- In the SuccessFactors Service Blueprint, we highlight the Silver, Gold, or Platinum levels that each service provider has achieved, where this has been finalized.

# SuccessFactors Tools and Certifications

- **SuccessFactors Workbooks:** These outline how to configure the different modules. Service provider partners can use and enhance these for clients.
- **Intelligent Services:** SuccessFactors launched Intelligent Services in August 2015. This automates process steps in SuccessFactors and includes intelligent services that provide a customized end-user experience.
- **Partner Portal:** Service provider partners have access to a partner portal that supplies information, advice, training, and tools.
- **SAP Product Road Maps:** These explain the planned development of a feature or function of each product for clients. This includes recent changes available, upcoming development releases in 12 to 18 months, and proposed themes for products beyond this time.
- **Certifications:** Service provider partners can achieve certifications in each of the SuccessFactors HCM suite modules.

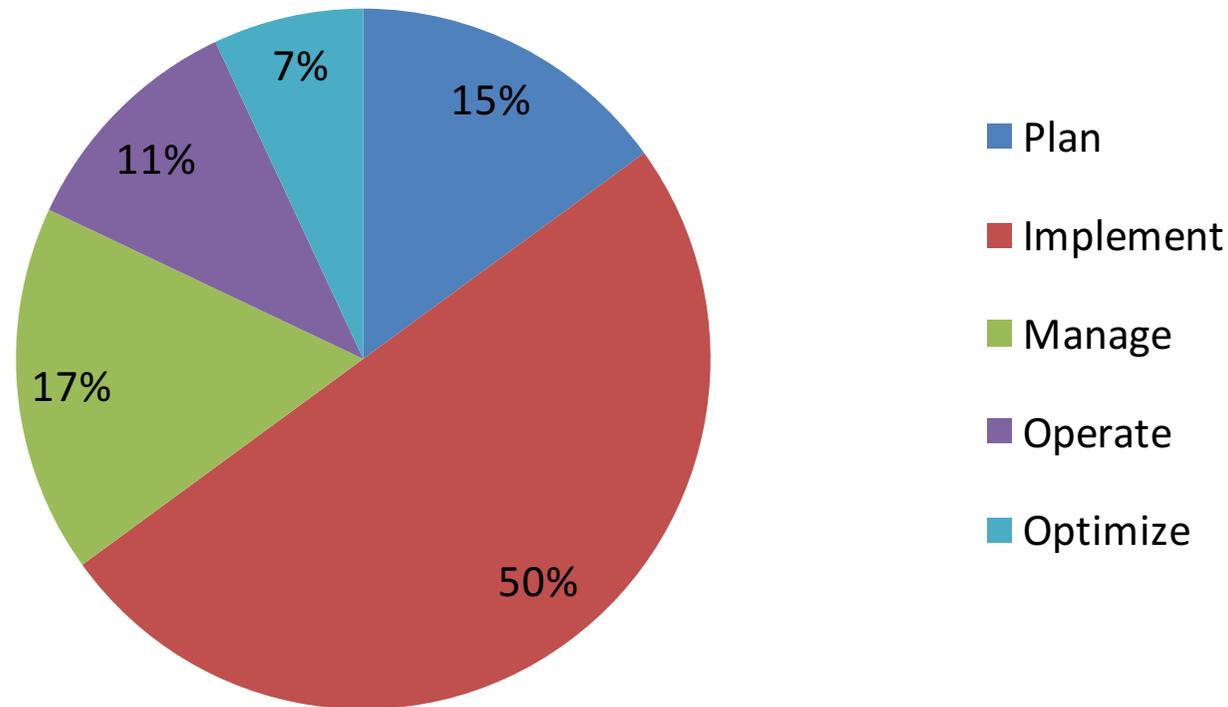


# SuccessFactors Services Value Chain



# Implementation Services Represent Half of the Current SuccessFactors Service Market

Approximate split of SuccessFactors Service Business by Value Chain Service\*



Source: HfS Research, March 2016

\* Aggregate responses of service providers in this Blueprint

## Key Highlights: SuccessFactors Services Value Chain

- **Plan:** Enterprises need assistance to understand the technical, organizational, and legal implications of using a SaaS solution. This is a critical phase to get right in order to obtain the maximum business benefits from a SuccessFactors deployment. We expect consulting opportunities to grow rapidly over the next 12 to 18 months driven by increasing industry and regional regulatory needs.
- **Implement:** This is the biggest part of the SuccessFactors service market today. Deployments range from single country to global and from single module to the entire HCM suite. In the latter case, enterprises tend to implement one or a few modules at a time.
- **Manage:** This is still an afterthought for many enterprise buyers who tend to negotiate a short-term contract with the implementation partner that typically covers just a few months post-deployment to iron out any early issues. There are also a few examples of longer-term support service contracts in the market. As the market matures and enterprises realise that they need ongoing support, we expect the management services market to grow, especially with an as-a-service flavor of flexible services and ad-hoc access to advice and skills.
- **Operate:** There is very little work in the operate phase of the value chain. Service providers with general HR BPO capabilities are best placed to take advantage of this market as demand grows, but we don't expect to see rapid growth in the short term.
- **Optimize:** This remains the smallest part of the market today, but we expect it to grow aggressively and create real opportunities for service providers able to offer the flexibility of services required in this phase especially for alignment to the evolving HR strategy.

# Key Highlights: SuccessFactors Services Market Drivers

- **Lack of standardized global HR processes:** This is the most compelling reason enterprises are seeking an HR solution today. Clients want to achieve technical standardization to facilitate better process management across sites.
- **Inadvertent purchase of SuccessFactors:** Some enterprises have bought licenses for a few of the SuccessFactors modules, typically Employee Central and Recruitment, because they were included in a bundle from SuccessFactors. These clients need assistance to implement and get the maximum benefits from the modules.
- **SAP link important:** Enterprise buyers confirm that having SAP ERP in the back office remains a strong reason to select SuccessFactors for their SaaS HR solutions over alternatives such as Workday.
- **Interest in analytics:** Clients who have successfully implemented some SuccessFactors modules and have good visibility of their HR operation are increasingly interested in the value that analytics can add to their HR process.

# Key Highlights: SuccessFactors Services Market

- **HR function and process expertise is key:** Service provider talent investment and enterprise buyer demand are focused on deep HR function and process expertise. Buyers are not as interested in the service provider's knowledge of their industry sector as they are about its ability to share best practices in HR and how to get the maximum business benefits from SuccessFactors deployment.
- **Mix of type of SuccessFactors service providers:** The SuccessFactors service market consists of IT service providers and HR specialist service providers. This makes it a large and complicated service ecosystem.
- **Cloud and hybrid solutions landscape:** While some enterprises decide to deploy a full cloud solution, others are opting for a hybrid mix of on-premise and cloud HR solutions, requiring integration skills from service providers.
- **Demand for service skills to support all the modules:** The top three modules implemented are Recruitment Management, Performance and Goals, and Learning. However, the clients we spoke to ranged from those implementing just one of the HCM modules to those working with the entire suite.
- **Payroll and Workforce Analytics are growth markets:** Service providers who have developed services and solutions to support and expand the payroll and analytics modules have opportunities to grow, as these areas should increase in popularity in the next 12 to 18 months.

## Key Highlights: SuccessFactors Services Market

- **Talent shortage.** Similar to other SaaS service markets, like for Workday and Salesforce, skills are scarce in the SuccessFactors service market. This is somewhat mitigated by the opportunity to cross-train SAP and HCM consultants in SuccessFactors modules.
- **Buyers prefer to contract consulting skills separately:** Most SuccessFactors service enterprise buyers prefer to work with a specialist consulting provider for the planning phase of the SuccessFactors service engagement in order to get access to what is believed to be the most advanced HR advice. This can be with one of the Big Four, including Deloitte and EY, a specialist boutique consulting firm, or even just in-house skills. All the blueprint and roadmap work is finalized in this stage.
- **Implementation service providers selected for technical services:** Enterprises contract implementation providers to deploy the required modules in accordance with the roadmap established in the plan phase. There is often little scope for implementation service providers to bring vision and thought leadership to the engagement. Interestingly, clients often realize post-deployment that they would have valued the implementation provider delivering more business-focused advice.
- **Intelligent Services still in growth phase:** In August 2015, SuccessFactors launched Intelligent Services, which automates the process steps in SuccessFactors. As yet, it does not seem to have made much impact on service providers, but this may change over the next few years.

# Research Methodology



# Research Methodology

## Data Summary

- The data for this Blueprint were collected in Q4 2015 and Q1 2016, covering service buyers, service providers, and advisors/influencers of SuccessFactors services.

## This Report Is Based On:

- **Tales from the Trenches:** Interviews were conducted with buyers who have evaluated service providers and experienced their services. Some were supplied by service providers, but many interviews were conducted by HfS Executive Council members and participants in our extensive market research.
- **Sell-Side Executive Briefings:** Structured discussions with service providers were intended to collect data necessary to evaluate their innovation, execution and market share, and deal counts.
- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral were evaluated.

## Participating Service Providers



## Additional Mini Profiles



# HfS Blueprint Scoring Percentage Breakdown

EXECUTION		100%
Quality of Customer Relationships		43.08%
Quality of Account Management Team	21.45%	
How Service Providers Engage Clients and Develop Communities Around SuccessFactors	8.84%	
How Service Providers Incorporate Client Feedback	12.79%	
Real-World Delivery Solutions		50.24%
Actual Delivery of Services for Each Sub-Process	20.50%	
<i>Plan</i>	4.10%	
<i>Implement</i>	4.10%	
<i>Manage</i>	4.10%	
<i>Operate</i>	4.10%	
<i>Optimize</i>	4.10%	
Scale of Design, Implementation, and Management Capabilities	11.73%	
Usefulness of Services to Specific Client Needs of All Sizes	18.01%	
Flexibility to Deliver End-to-End Solutions and Point Solutions	7.97%	
Experience Delivering Industry-Specific Solutions	10.04%	
Flexible Pricing Models to Meet Client Needs		6.68%
INNOVATION		100%
Vision for Value Delivery		27.69%
Concrete Plans to Deliver Value Beyond Cost	8.81%	
Partnership Strategy	18.88%	
Vision for SuccessFactors' Effectiveness in Clients		35.64%
Ability to Leverage Value Drivers		36.68%
Integration of Third-Party Capabilities into SuccessFactors' Solutions	18.14%	
Investment in Proprietary Tools, Accelerators, and Solutions	18.53%	
TOTAL		100.00%

# Blueprint Scoring Definitions: Execution

<b>EXECUTION</b>	<b>How well does the provider execute its contractual agreement, and how well does the provider manage the client/provider relationship?</b>
<b>Quality of Customer Relationships</b>	<b>How engaged are providers in managing the client relationship based on the following metrics: Quality of Account Management, service provider/client engagement, and incorporation of feedback?</b>
Quality of Account Management Team	What is the quality level of professional skills in the account management team?
How Service Providers Engage Clients and Develop Communities Around SuccessFactors	How well does the service provider engage clients and develop client communities around SuccessFactors?
How Service Providers Incorporate Client Feedback	How have service providers taken feedback and incorporated that feedback into their services?
<b>Real-World Delivery Solutions</b>	<b>Does the solution provided compare favorably to the service agreed upon when taking into account the delivery of services for each sub-process and geographic footprint and scale?</b>
Actual Delivery of Services for Each Sub-Process	Taking into account each sub-process and the entire macro process, does each sub-process add up to the successful delivery of the service being provided?
Scale of Planning, Implementation, and Management Capabilities	Does the service provider have scale in Planning, Implementation, and Management Capabilities regarding SuccessFactors, including the availability of certifications at all levels?
Usefulness of Services to Specific Client Needs of All Sizes	How flexible and experienced are providers when tailoring solutions based on client size, location, and type of solution (end to end and single point)?
<i>Flexibility to Deliver End-to-End Solutions and Single-Point Solutions</i>	How flexible are providers with delivering multi-process end-to-end solutions versus single-point solutions?
<i>Experience Delivering Industry-Specific Solutions</i>	How well does the provider deliver industry-based solutions including Fullforce (for example, depth in verticals such as insurance, retail)
<b>Flexible Pricing Models to Meet Customer Needs</b>	<b>How flexible are providers when determining the pricing of contracts? Are they willing to make investments in the client's firm for long-term growth?</b>

# Blueprint Scoring Definitions: Innovation

<b>INNOVATION</b>	<b>Innovation is the combination of improving both services and business outcomes.</b>
<b>Vision for Value Delivery</b>	<b>The strategy for the delivery of services to each part of the value chain of processes.</b>
Concrete Plans to Deliver Value Beyond Cost	What are the plans of the service provider to deliver value beyond cost savings alone?
Partnership Strategy	How does the service provider integrate with other parties in the SuccessFactors ecosystem (including SuccessFactors itself) to deliver value to clients?
<b>Vision for SuccessFactors' Effectiveness in Clients</b>	<b>What is the vision of the service provider for the evolution of its SuccessFactors services offering, and how will it contribute over time to client effectiveness and value creation?</b>
<b>Ability to Leverage Value Drivers</b>	<b>How well have providers integrated value drivers into their services? Examples include third-party solutions, internal investments, and more.</b>
Integration of Third-Party Capabilities into SuccessFactors Solutions	How well does the provider leverage new technologies/enhancements, mobility functionality, and cloud capabilities into its solutions?
Investment in Proprietary Tools, Accelerators, and Solutions	What is the provider doing to invest in proprietary capabilities, tools, accelerators, and other solutions to enhance the value of SuccessFactors for clients?

# SuccessFactors Services in the As-a-Service Economy

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# SuccessFactors Services Incorporate the Ideals of the As-a-Service Economy

IDEAL	AS-A-SERVICE IDEAL DEFINITION	NON-EXISTENT	INITIAL	EXPANSIVE	EXTENSIVE	ALL-PERVASIVE
<b>Write-Off Legacy</b>	Using platform-based solutions, DevOps, and API ecosystems for more agile, less exception-oriented systems					<b>2016</b>
<b>Design Thinking</b>	Understanding the business context to reimagine processes aligned with meeting client needs		<b>2016</b>			
<b>Brokers of Capability</b>	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps			<b>2016</b>		
<b>Collaborative Engagement</b>	Ensuring relationships are contracted to drive sustained expertise and defined outcomes			<b>2016</b>		
<b>Intelligent Automation</b>	Using of automation and cognitive computing to blend analytics, talent, and technology			<b>2016</b>		
<b>Accessible and Actionable Data</b>	Applying analytics technologies, processes and resources onto relevant data sets to derive insights that can help improve an enterprise		<b>2016</b>			
<b>Holistic Security</b>	Proactively managing digital data across service chain of people, systems, and processes		<b>2016</b>			
<b>Plug-and-Play Digital Business Services</b>	Plugging into “ready to go” business outcome-focused, people/process/technology solutions with security measures			<b>2016</b>		

# Service Provider Grid

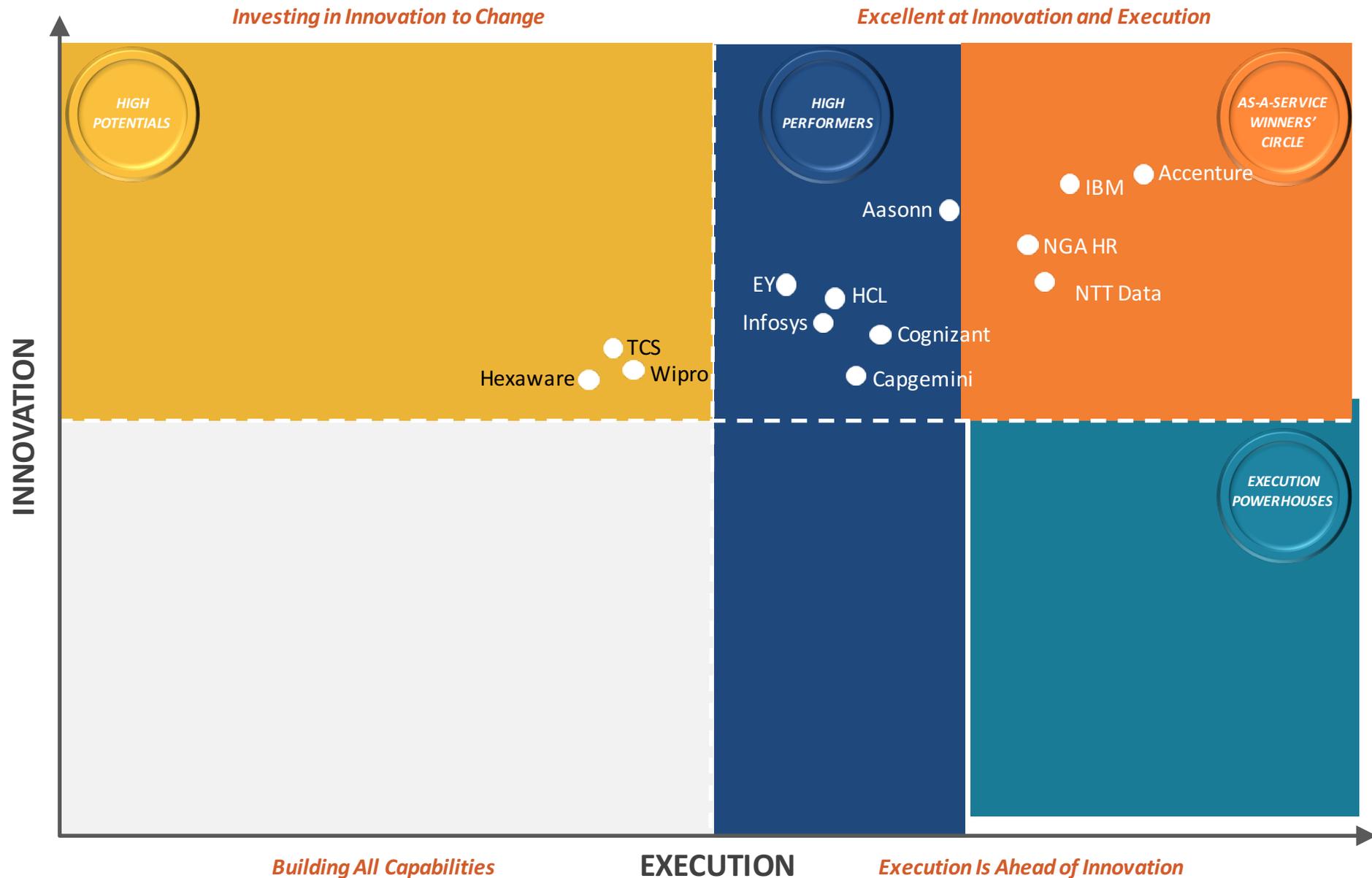


# Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the As-a-Service Economy of business outcome-oriented, on-demand, talent + technology services, HfS awards these providers the As-a-Service Winners' Circle designation.

	EXECUTION	INNOVATION
<p><b>As-a-Service Winners' Circle</b> shows excellence recognized by clients in the Eight Ideals in both execution and innovation</p>	Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements	Articulates vision and a “new way of thinking,” has recognizable investments in future capabilities and strong client feedback, and is driving new insights and models
<p><b>High Performers</b> demonstrate strong capabilities yet lack an innovative vision or momentum in execution against the vision</p>	Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with “green lights,” and flexibility when meeting clients’ needs	Typically, describe a vision and plans to invest in future capabilities and partnerships for As-a-Service and illustrate an ability to leverage digital technologies and/or develop new insights with clients.
<p><b>High Potentials</b> demonstrate vision and strategy but have yet to gain momentum in the execution of it</p>	Early results and proof points from examples in new service areas or innovative service models, yet lack scale, broad impact, and momentum in the capability under review.	Well-plotted strategy and thought leadership, showcased use of newer technologies and/or roadmap, and talent development plans
<p><b>Execution Powerhouses</b> demonstrate solid, reliable execution, but have yet to show significant innovation or vision</p>	Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.	Lack of evident vision and investment in future-oriented capability, such as skills development, “intelligent operations,” or digital technologies.

# HfS Blueprint Grid: SuccessFactors Services



# Major Service Provider Dynamics: Highlights

## EXECUTION

- **Account Management:** Strong account management that creates a partnership with clients is a critical capability to ensure client satisfaction. Many of the service providers in the Blueprint have good account management skills, but clients were particularly complimentary about **Accenture, EY, HCL, Infosys, and TCS**. Accenture's clients also highlighted its strong account management skills in the post-deployment support phase of the engagement, which is rare.
- **Scale of Design, Implementation, and Management Capabilities:** SuccessFactors' service clients select implementation service providers based on their capabilities and geographical scale. Most of the providers in this Blueprint have good capabilities. Those that stood out include **Accenture, Aasonn, HCL, IBM, NGA Human Resources (NGA HR), and NTT Data**.
- **Flexibility:** The most successful SaaS engagements are very flexible in terms of being able to scale services up and down and the associated pricing models. In addition, flexibility is a key component to modern SaaS management and optimization services, which provide on-demand access to advice, skills, and consultants. Clients were particularly impressed with the flexibility of **Capgemini, HCL, IBM, Infosys, NGA HR, and NTT Data**.

## INNOVATION

- **Concrete Plans to Deliver Value Beyond Cost Savings:** Implementation services form the largest part of the SuccessFactors market today, and these engagements are largely focused on cost-effective, technical capabilities. Clients are, however, impressed with providers who are able to provide value over and beyond the tactical deployment. Clients highlighted that **Accenture, Aasonn, EY, Cognizant, HCL, IBM, Infosys, NTT Data, and Wipro** were particularly good at delivering value.
- **Vision for SuccessFactors' Effectiveness:** Having a vision for where the processes supported by SuccessFactors are headed in the future is an important element of innovation. We saw this vision come out particularly clearly in **Accenture, Aasonn, EY, IBM, NGA HR, and NTT Data**.
- **Investment in Proprietary Tools, Accelerator, and Solutions:** Implementing and managing SuccessFactors' deployments for clients is enhanced by having a suite of unique tools, accelerators, and other solutions to maximize the attainment of benefits for both clients and service providers. In our review of the investments in these capabilities, we saw particular focus here from **Accenture, Capgemini, Hexaware, NGA HR, NTT Data, and TCS**.

# Service Provider Profile



# HfS SuccessFactors Services Value Chain: Key to Profiles

- Value Chain coverage is indicated by orange shading. A light-orange shading indicates that the service provider partially offers this service today or it currently forms 5% or less of the current SuccessFactors business, so it is in the growth stage. A white box with black lettering indicates that the service provider does not offer this service today.

## Full Value Chain Offered



## Key



- Each profile also includes a list of acquisitions and partners that are relevant to the SuccessFactors service offerings' development and/or delivery. SAP is a strong partner for all service providers in the Blueprint. We have not listed SAP in each individual service provider profile.

Blueprint Leading Highlights	Strengths	Challenges
<ul style="list-style-type: none"> <li>Quality of Account Management Team</li> <li>Incorporate Customer Feedback</li> <li>Flexibility to Deliver Both End-to-End Solutions and Point Solutions</li> <li>Flexible Pricing Models</li> <li>Deliver Value Beyond Cost</li> <li>Investment in Tools</li> </ul>	<ul style="list-style-type: none"> <li><b>Experience in Multi-Country Implementations:</b> NTT Data has experience with multi-country SuccessFactors roll-outs, which require HR governance, compliance, legal requirements, and international laws that support country-specific regulations, particularly for Employee Central, Payroll, and Reporting modules. This is underpinned by an impressive spread of global delivery capabilities that allow NTT Data to offer the right mix of offshore and onshore services to clients.</li> <li><b>Investment in Implementation Methodologies with Industry Flavors:</b> NTT Data has invested in several templates and methodologies, including its 80/10/10 methodology, which claims to reduce implementation time by 40%. Moreover, NTT Data is investing in industry solutions, which is a key differentiator in this market. NTT Data is strengthening offerings specifically for the Manufacturing, Life Sciences, and Retail industry sectors.</li> <li><b>Strong Technical Skills:</b> Clients commend NTT Data for its excellent technical implementation skills. These are backed by a strong SAP service practice of more than 9,000 practitioners and consultants and more than 25 years of experience implementing SAP HCM. NTT Data has also implemented Employee Central, Compensation, and Variable Pay and Performance and Goals, Calibration, Payroll, Leave Management, and Jam internally. This is part of the effort to standardize operations across its global, often acquired, entities, which lends the service provider additional credibility to achieve this also for clients.</li> <li><b>Flexibility:</b> Clients highlighted NTT Data's flexibility in delivering additional services as well as for the associated pricing models. One client said that, when any extra work needed to be done, NTT Data just stepped up and delivered it.</li> </ul>	<ul style="list-style-type: none"> <li><b>Consulting and Management Services Growth:</b> Most of NTT Data's SuccessFactors business is from implementation services. While this also reflects the market, NTT Data has an opportunity to grow its consulting and management services to establish long-term, strategic relationships with clients. NTT Data acquired FSI consultancy, Carlisle &amp; Gallagher, last year and plans to continue to strengthen these areas, including its advisory, project management and change management services, as well as continue to develop its center of excellence that manages local, in-country requirements. NTT Data also needs to increase awareness of its consulting capabilities to be a credible option for new logo clients in the service-provider selection phase.</li> <li><b>European and Latin American Growth:</b> While NTT Data is deploying global projects, the majority of its clients have a North American or APAC headquarters. NTT Data has opportunities to strengthen its business with enterprises based in Europe and LATAM, where its new Costa Rica Development center has opened.</li> </ul>
Plan		
Implement		
Manage		
Operate		
Optimize		

Relevant Acquisitions and Partnerships	Key Clients	Operations	Technology Tools and Platforms
<p><b>Acquisitions include:</b></p> <ul style="list-style-type: none"> <li>Symphony Consulting (2014)</li> <li>Everis (2014)</li> <li>Carlisle and Gallagher Consulting Group (2015)</li> </ul> <p><b>Partnerships include:</b></p> <ul style="list-style-type: none"> <li>ASUG</li> <li>Workforce Management</li> </ul>	<p>NTT Data targets clients with more than 1,000 employees transitioning to SAP Cloud.</p> <p>Geographical coverage in order of revenue: North America, India, ANZ, MEA, the UK, Continental Europe, other APAC</p> <p>Industry Coverage: Most industries. The top three are Manufacturing, Life Sciences, and Retail and Distribution</p> <p>Some publicly disclosed clients include:</p> <ul style="list-style-type: none"> <li>Entegris, Montefiore Healthcare, MTS Corporation, Relaxo, Wilton Brands, World Kitchen</li> </ul>	<ul style="list-style-type: none"> <li>Partner Level: Platinum</li> <li>Year of Practice Established: 2012</li> <li>Number of SuccessFactors Certified Consultants: 185+</li> <li>Number of SuccessFactors Certifications: 400+</li> <li>Total Number in Practice: 230</li> <li>Number of Clients: 80</li> <li>Number of Engagements Completed or Ongoing: 163</li> </ul> <p>Key Delivery Locations for SuccessFactors Practice:</p> <ul style="list-style-type: none"> <li>The US: Chicago, Atlanta, Boston, Houston, Dallas</li> <li>India: Hyderabad, Bangalore</li> <li>Australia: Sydney, Melbourne, Brisbane, Perth</li> <li>The UK: London</li> <li>Turkey: Istanbul</li> <li>APAC: Philippines: Manila; Singapore; Malaysia: Kuala Lumpur; Vietnam: Ho Chi Minh City</li> </ul>	<ul style="list-style-type: none"> <li><b>80/10/10 Project Methodology and Approach:</b> Implementation methodology using prebuilt templates and integration framework built on best practices</li> <li><b>Pre-Defined Templates:</b> Prebuilt templates with complete workbooks with best practice processes for Employee Central and all modules in the BizX Suite</li> <li><b>Industry-Specific Templates:</b> Predefined best practice workbooks and templates for Manufacturing, Retail, and Pharmaceutical industries.</li> <li><b>Learning Management Solution:</b> Extends SAP solution. Focuses on large enterprises. Governance and regulation focused for manufacturing industry license, certifications, and compliance to reduce risk.</li> <li><b>OPTIMIZE Toolset:</b> Web/Cloud-Based Project/Program Management Toolkit</li> <li><b>Ready2run Solution:</b> For clients with less than 1,000 employees who are largely paper-based, for rapid deployment</li> </ul>

# Market Wrap-Up and Recommendations



# SuccessFactors Services Buyers: Service Provider Selection



## Top three SuccessFactors service provider selection criteria:

- **Existing relationship:** Most of the clients we spoke with selected their SuccessFactors service provider based on the fact that they had an existing relationship. Clients recognize that selecting a service provider that understands their business priorities is a big advantage over selecting a new provider who would need to learn this.
- **Price:** Price remains a top-three selection criteria for clients, but there is an increasing awareness of the underlying value delivered for the price paid. Purely being cost-effective is not an advantage on its own. Clients like to know what they are paying for and receiving business value.
- **Capabilities and scale:** The third most important SuccessFactors service provider selection criterion is technical capabilities to deploy the different HCM suite modules. Enterprises with international offices also require proof that the service provider has delivery capability in different countries and/or a good understanding of local laws, HR regulations, and business culture.

# SuccessFactors Services Buyers: Client Satisfaction

## Top three contributors to client satisfaction:

- **HR process skills knowledge:** SuccessFactors service clients define value in terms of the service provider's ability to share HR process best-practice experience and advice. This includes providing a holistic view of the HR process beyond the individual technical module deployment.
- **Account management:** Good account management is strongly aligned to high client satisfaction rates. Clients appreciate working with a person or team that is committed to understanding technical and business issues and being responsive to all requests.
- **Flexibility:** Clients expect and appreciate flexibility in engagements. Even with a well-thought-out roadmap, there are often required changes or tweaks in the deployment phase. Clients appreciate service providers who are flexible to tweak service delivery and offer flexibility in the associated pricing models. Contracts with strict statements of work are not the norm in successful SaaS services engagements.



# Recommendations: Service Providers

- **Invest in functional understanding and adopt a holistic approach to HCM:** Clients highlight that HR-process best-practice advice is the single most important definition of real value in a SuccessFactors service engagement. Service providers with an HR background, such as NGA HR and those with strong HCM practices, are in an advantageous position. These and other service providers must focus on hiring talent with HR process skills and experience.
- **Partner for or market consulting services capabilities:** Enterprises tend to contract SuccessFactors consulting services separately. Service providers with little or no SuccessFactors consulting service capabilities should consider partnering with a strong consulting provider to offer this to clients and to ensure implementation service referrals. Service providers that have invested in SuccessFactors consulting services need to aggressively market these to existing and potential clients to ensure being considered on RFP short lists.
- **Bring the vision to implementation services:** Service providers should offer business-oriented advice in implementation service engagements, for example, providing a holistic view of the HR process versus purely deploying the modules. Enterprises do not tend to ask this of their implementation partners as they do not expect to need it, but after deployments, they admit that this would have brought important added value to the engagement. Service providers must be proactive in sharing their business-focused knowledge and capabilities with clients so that they are fully aware of the services available to them.

# Recommendations: Service Providers

- **Upsell management services more aggressively:** Service providers should be proactive in explaining the importance of post-deployment management services to clients. Too many SuccessFactors implementation service providers are missing clear opportunities to upsell management services.
- **Invest in tools and technologies:** Service providers should continue to invest in tools and technologies to enhance their SuccessFactors service offerings. Most of the service providers in the Blueprint have made good investments in this area, but there are still a lot of opportunities for growth. In particular, investments in HANA extension tools and industry-focused templates and tools will stand out in this crowded market as clear differentiators.
- **Invest in account management skills:** Service providers should prioritize strengthening account management skills to foster deep relationships with clients. This is an important factor in client satisfaction as well as a major consideration to engage the service provider for additional work.
- **Be flexible:** Enterprises like to work with service providers who are flexible. Service provider teams should prioritize client needs and deliver the required service, without being constrained by strict contracts. Flexibility is also a key element to successful management and optimization services, where access to specialists is preferred on an on-demand basis.

# SuccessFactors Services Are Incorporating the Ideals of the As-a-Service Economy

IDEAL	AS-A-SERVICE IDEAL DEFINITION	NON-EXISTENT	INITIAL	EXPANSIVE	EXTENSIVE	ALL-PERVASIVE
<b>Write-Off Legacy</b>	Using platform-based solutions, DevOps, and API ecosystems for more agile, less exception-oriented systems					<b>2016</b> <b>2017</b>
<b>Design Thinking</b>	Understanding the business context to reimagine processes aligned with meeting client needs		<b>2016</b>	<b>2017</b>		
<b>Brokers of Capability</b>	Orienting governance to source expertise from all available sources, both internally and externally, to address capability gaps			<b>2016</b>	<b>2017</b>	
<b>Collaborative Engagement</b>	Ensuring relationships are contracted to drive sustained expertise and defined outcomes			<b>2016</b> <b>2017</b>		
<b>Intelligent Automation</b>	Using of automation and cognitive computing to blend analytics, talent, and technology		<b>2016</b>	<b>2017</b>		
<b>Accessible and Actionable Data</b>	Applying analytics technologies, processes and resources onto relevant data sets to derive insights that can help improve an enterprise		<b>2016</b>	<b>2017</b>		
<b>Holistic Security</b>	Proactively managing digital data across service chain of people, systems, and processes		<b>2016</b>	<b>2017</b>		
<b>Plug and Play Digital Business Services</b>	Plugging into “ready to go” business outcome-focused, people/process/technology solutions with security measures			<b>2016</b> <b>2017</b>		

# About the Authors



# Khalda De Souza

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## Overview

- Khalda De Souza covers developments in IT and BPO across Europe for HfS and globally covers the emergence of services around software as a service (SaaS) offerings.
- She has extensive experience in providing strategic advice to both IT services providers and customer organizations globally. For providers, this includes, but is not limited to, channel strategies, product positioning, competitive intelligence, market trends, and forecast analysis. For clients, Khalda has provided insightful guidance on sourcing and vendor selection strategies.

## Previous Experience

- Prior to HfS, Khalda was a senior-level IT services research analyst at Gartner for nearly 20 years. In that time, she managed European research for several areas, including network and IT security and business applications. Khalda has led key research deliverables, such as Magic Quadrants for both Europe and global markets at Gartner.

## Education

- Khalda has a BSc. from Aston University in International Business and French.

# Charles Sutherland

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## Overview

- Charles Sutherland is the Chief Research Officer at HfS. Charles is responsible for the overall research agenda for HfS across the “as-a-service” economy. He personally covers the areas of automation, business platforms, supply chain, procurement, and various vertical processes. Since joining HfS in 2013, Charles has had the opportunity to speak at various industry forums, including NASSCOM, and has had his research covered widely in the business and outsourcing press as well.

## Previous Experience

- Charles has been in the business services market for 20 years, including previous roles as the Chief Strategy Officer for a BPO service provider and the Managing Director, Growth and Strategy, for Accenture’s Operations Growth Platform. In these roles, he has had a breadth of experience in thought leadership, strategy development, acquisitions, business development, and long-term investment planning in both BPO and ITO.
- Charles has also had Growth and Strategy roles for Accenture in Infrastructure Outsourcing and for the Communications, Media, and High Tech Operating Group. Prior to that, he was a Strategy Consultant in London for Accenture, serving clients in the Media, Communications, and Consumer Goods industries. If you go even further back in time, he was also a Marketing Director for Olivetti in Canada and Europe.

## Education

- MBA from INSEAD in Fontainebleau, France
- Honors BA in Economics and Political Science from the University of Toronto

# About HfS Research

We coined the [As-a-Service Economy](#) term because we see a profound change under way that is more all-encompassing than a simple business model or product line. It's a global shift that will leave few sectors of business or society untouched.

To help our clients and the market get to the As-a-Service Economy, we serve the strategy needs of business operations and IT leaders across finance, supply chain, human resources, marketing, and core industry functions in organizations around the world. HfS provides insightful and meaningful analyst coverage of best business practices and innovations that impact successful business outcomes, such as the digital transformation of operations, cloud-based business platforms, services talent development strategies, process automation and outsourcing, mobility, analytics and social collaboration. HfS applies its acclaimed [Blueprint Methodology](#) to evaluate the performance of service and technology in terms of innovating and executing against those business outcomes.

HfS educates and facilitates discussions among the world's largest knowledge community of enterprise services professionals, currently comprising 100,000+ subscribers and members. HfS Research facilitates the HfS Sourcing Executive Council, the acclaimed elite group of sourcing practitioners from leading organizations that meets bi-annually to share the future direction of the global services industry and to discuss the future enterprise operations framework. HfS provides sourcing executive council members with the HfS Governance Academy and Certification Program to help its clients improve the governance of their global business services and vendor relationships.

HfS trail blazed the freemium research model. More than 75% of our published research requires just a few check boxes in our simple registration to download—no subscription, no hassles.

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