NEAT EVALUATION FOR NTT DATA:

SAP HANA & S/4HANA Services

Market Segments: Overall, SAP HANA Focus, S/4HANA Focus

Introduction

This is a custom report for NTT DATA presenting the findings of the NelsonHall NEAT vendor evaluation for *SAP HANA & S/4HANA Services* in three market segments: *Overall, SAP HANA Focus,* and *S/4HANA Focus*. It contains the NEAT graphs of vendor performance, a summary vendor analysis of NTT DATA in SAP HANA & S/4HANA services, and the latest market analysis summary for SAP HANA & S/4HANA services.

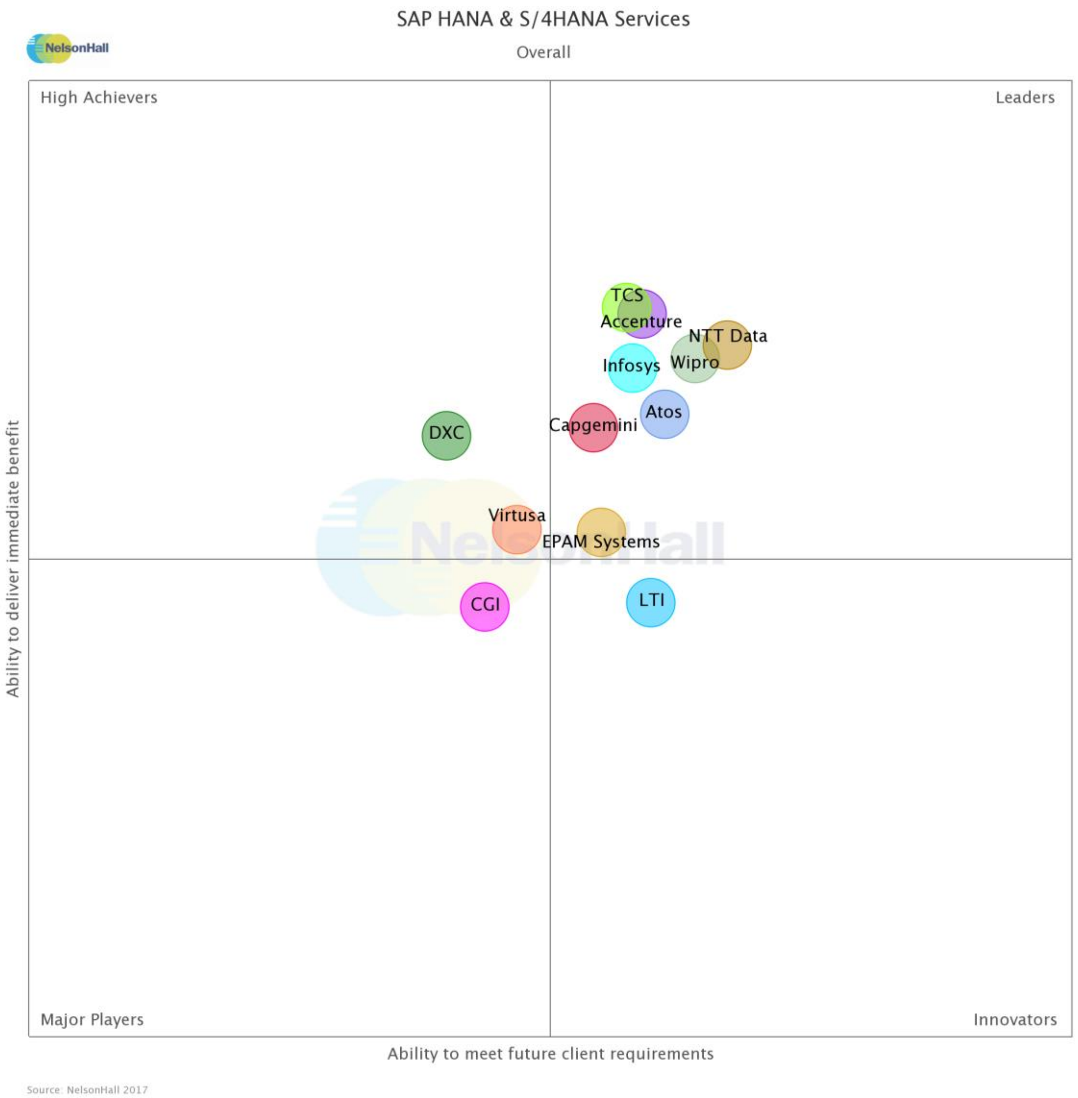
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering SAP HANA & S/4HANA services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on SAP HANA and S/4HANA.

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, CGI, DXC Technology, EPAM Systems, Infosys, LTI, NTT DATA, TCS, Virtusa, and Wipro.

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

NEAT Evaluation: SAP HANA & S/4HANA Services (Overall)

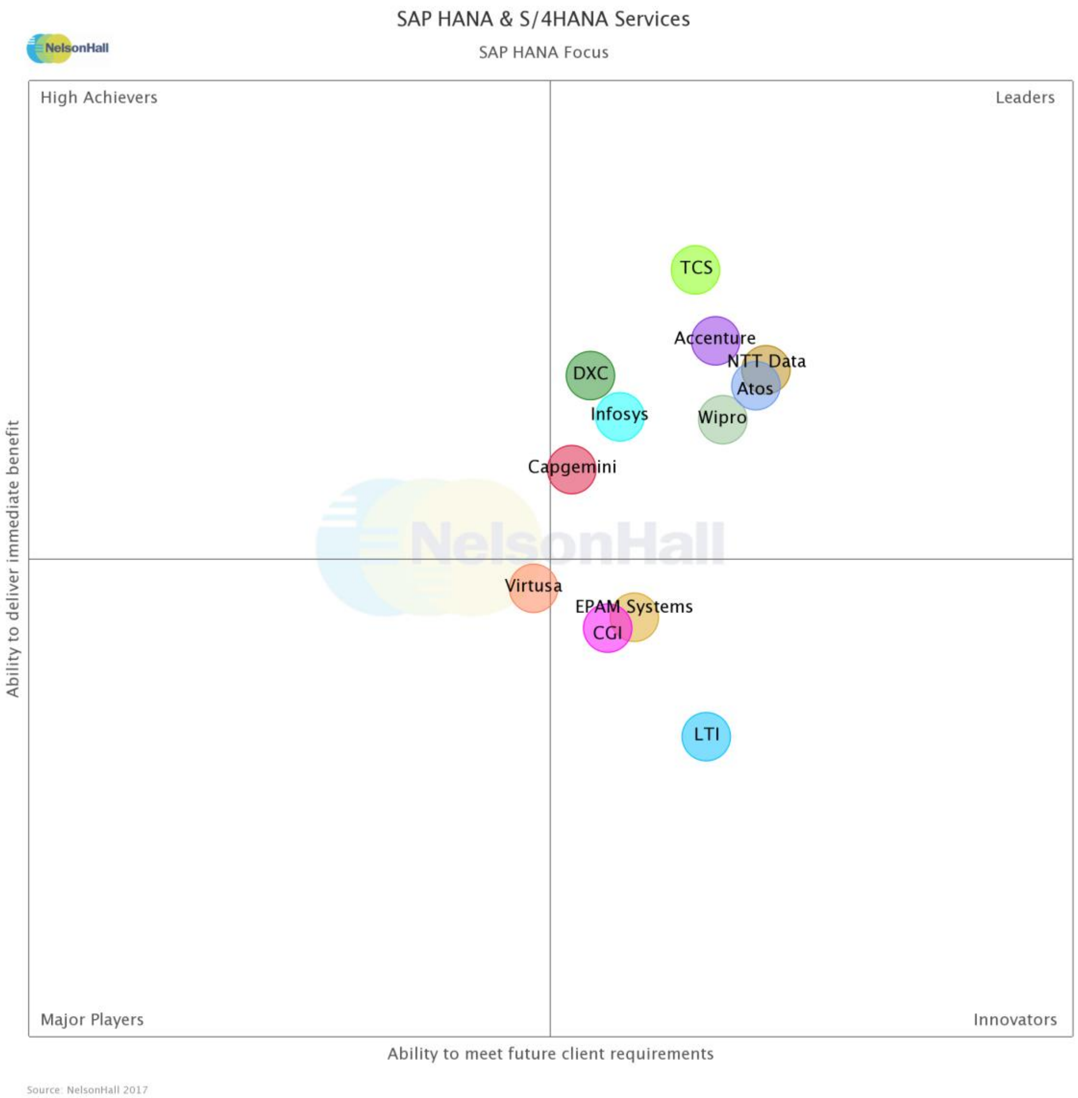


NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's overall ability to meet future client requirements as well as delivering immediate benefits to SAP HANA & S/4HANA services clients.

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

Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (Overall) here.

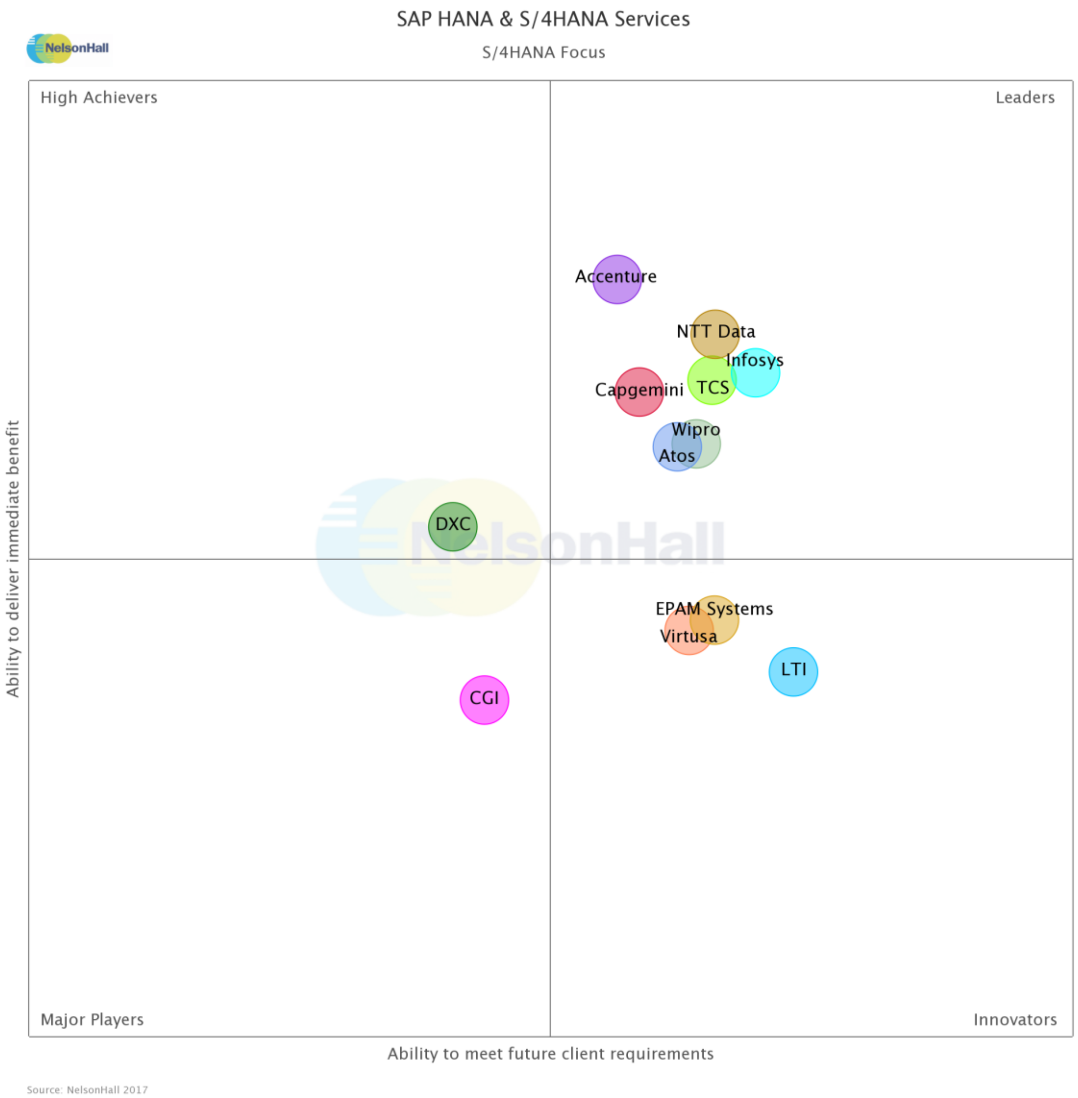
NEAT Evaluation: SAP HANA & S/4HANA Services (SAP HANA Focus)



NelsonHall has identified NTT DATA as a Leader in the *SAP HANA Focus* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to clients with a specific focus on SAP HANA services.

Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (SAP HANA Focus) here.

NEAT Evaluation: SAP HANA & S/4HANA Services (S/4HANA Focus)



NelsonHall has identified NTT DATA as a Leader in the *S/4HANA Services Focus* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to clients with a specific focus on S/4HANA services.

Buy-side organizations can access the SAP HANA & S/4HANA Services NEAT tool (S/4HANA Services Focus) here.

Vendor Analysis Summary for NTT DATA

Overview

NTT DATA Communications Systems Corporation was spun off as a separate company from NTT Corporation in 1988, subsequently changing its name to NTT DATA Corporation in 1996. NTT Corporation retains a 54% shareholding in NTT DATA, and NTT DATA works jointly with other companies in the NTT Group to deliver services to clients.

NTT DATA's acquisition of Dell Services for $3.06bn closed in November 2016. The two companies have broadly complementary offerings and heritage, with NTT DATA bringing the application experience which Dell Services lacks, and Dell Services expanding NTT DATA's infrastructure services capability. Dell Services also provides NTT DATA with a broader footprint in the North American market.

In 2008, NTT DATA acquired majority ownership of itelligence, a Germany based SAP consultancy. NTT DATA has used itelligence to form the core of its SAP Global One organization which standardizes offerings and delivery across the NTT DATA global operating units.

Since taking total control of itelligence, NTT DATA and itelligence have made a number of acquisitions to add incremental SAP capabilities and geographic coverage.

Financials

NelsonHall estimates that, as a combined entity, NTT DATA and Dell Services have revenues totaling ~$15bn on an annual basis. NTT DATA estimates that $1.5bn in revenues are associated with SAP, with a defined target to grow this to $2bn by 2020, via both organic and inorganic growth.

Of the total current SAP revenues, NelsonHall estimates that ~8% ($120m) comes from HANA and S/4HANA services.

Strengths

- Strong EMEA and SMB HANA and S/4HANA practice through itelligence and everis
- Breadth of S/4HANA implementation experience
- SAP-certified industry solutions
- Strong willingness to acquire SAP capabilities.

Challenges

- Narrow industry solution set
- Concentration of clients in EMEA.

Strategic Direction

To continue the growth of its SAP HANA and S/4HANA services practice, NTT DATA is focusing on the following growth strategies:

- Develop platform optimization services
- Build ECC conversion factory
- Acquire to expand capabilities
- Position HANA as foundation for digital transformation.

Outlook

Unlike many of its competitors, NTT DATA has explicitly targeted acquisitions to increase its SAP capabilities. Its acquisitions of itelligence and everis have provided it with a strong base in the EMEA SMB market, which has been one of the strongest adopters of S/4HANA to date. This has given NTT DATA a larger footprint of S/4HANA implementation experience than others. As its competitors catch up in experience, it will be imperative for NTT DATA to continue to invest in broadening its set of assets to support S/4HANA adoption. This could include adjacent capabilities such as Hybris, Fiori, and cloud, as well as proprietary industry or business process solutions to augment S/4HANA core capabilities.

At a corporate level, NTT DATA is making a major push to expand its North American presence; it could do the same with its SAP HANA and S/4HANA practice. Leveraging its experience in the EMEA market and its newly expanded North American presence (post-Dell Services acquisition) would give it an opportunity to greatly expand its North American HANA client base.

With its corporate headquarters in APAC, NTT DATA possesses a strong local capability, and with emerging markets such as South East Asia key adopters of S/4HANA, it is positioned to target and grow within that region.

Looking broadly at the HANA market and how it is set to evolve through to 2025, NTT DATA is developing assets and capabilities now to support both initial implementations of S/4HANA and as ongoing management post-implementation. NTT DATA is positioning to support as the companies adopting S/4HANA evolve from primarily SMB companies to primarily large enterprises.

SAP HANA & S/4HANA Services Market Summary

Overview

SAP HANA is a more mature product with a clearer value proposition than S/4HANA. Currently, the majority of existing large enterprise SAP business suite clients are migrating to HANA rather than directly to S/4HANA. With significant cost sunk in customizing objects within legacy ERP systems (including processes, interfaces, reports, and forms), clients are looking to IT service vendors to undertake shorter consulting projects to define the value to be realized by migrating to HANA or S/4HANA, and the level of effort required.

The majority of S/4HANA adopters engaging IT services vendors to date have been electing to implement a greenfield S/4HANA environment. As the end of support deadline looms for ECC clients, the market for S/4HANA services will evolve toward more migrations.

Many HANA and S/4HANA initiatives are still in progress, in the early days of production, or represent a single phase on a multi-phase journey. Realizing the full benefits of these initiatives will generally require a longer-term perspective, as multiple phases are completed and softer changes such as business process changes mature.

In addition to HANA being introduced earlier than S/4HANA, the biggest driver of the difference in adoption is the less clear business case for migrating to S/4HANA. HANA's business case relies on direct cost reductions (infrastructure footprint) and clear improvements in data and analytic capabilities.

The S/4HANA business case focuses on softer benefits such as user experience, shorter business process cycle time, and providing a foundation for further investment in digital transformation.

Buy-Side Dynamics

The key decision factors in selecting a vendor to deliver SAP HANA and S/4HANA services are:

- Improved visibility and accessibility of ERP data
- Perception of "value for money"
- Increased end-user/business satisfaction
- Reduced turnaround time for customers/operations
- Timely implementation of SAP S/4 HANA solutions.

Market Size & Growth

The global SAP HANA and S/4HANA services market is estimated by NelsonHall as ~$7,162m in 2017. It is expected to grow at 18% CAGR to ~$14,050m by 2021.

Success Factors & Challenges

The key success factors for SAP HANA and S/4HANA services vendors include:

- Automated assessment, migration and roadmapping capabilities: successful vendors offer a portfolio of automated tools and methodologies to assess the impact of migration on current ERPs (including custom objects and legacy data), develop a migration roadmap, and execute the migration of legacy objects and data
- Tailored services for multiple adoption paths: successful vendors develop discrete service offerings tailored to the specific needs of the multiple adoption paths that can be taken to HANA and S/4HANA. This includes multi-phase migrations, single phase migrations, greenfield implementations, and bundled software solutions
- Business case development capabilities: successful vendors use experiences and benchmarks to help clients shape a defined business case, incorporating direct cost reduction and indirect business value from enhanced capabilities and improved processes
- Vertical-centric offerings: successful vendors develop a portfolio of offerings to complement core HANA and S/4HANA capabilities with tailored industry-centric applications, analytics, and edge capabilities
- Geographically diverse delivery team: successful vendors possess onshore resources capable of consulting with clients in initial stages (including migration planning and business case development), coupled with strong offshore migration and application management factories
- Forward thinking vision: successful vendors partner with SAP to understand how SAP intends to evolve core HANA and S/4HANA capabilities and proactively build assets to support; including cloud-hosted S/4HANA and Leonardo.

Key challenges include:

- Clients are engaging IT service vendors to assess the level of effort to migrate to HANA and S/4HANA (including the impact on customer objects and business processes) and develop a business case. These efforts can also include a pilot of S/4HANA for a single business unit. However, due to relatively weak business case results in many cases, these efforts are not converting into full-scale HANA and S/4HANA implementations
- The core S/4HANA offering provides defined functionality, however this may not meet the needs of clients, particularly large enterprise, which currently use customized, industry-tailored processes and technologies. While the core functionality offered by S/4HANA continues to evolve, IT service vendors must supplement with offerings that expand the functionality of S/4HANA and address client-specific needs to facilitate adoption.

Outlook

The future direction for SAP HANA and S/4HANA services vendors includes:

Approach and objectives:

- SoH and ECC clients complete replacement of legacy with S/4HANA implementation, reducing custom business processes and simplifying application landscapes prior to the 2025 ECC end of support date
- Cloud based S/4HANA becomes the primary hosting approach to improving business case and provides a foundation on which to build further digital transformation
- Large enterprise adoption is driven by digital transformation objectives and the desire for new functionality such as IoT and machine learning offerings
- Vendors continue to bolt on functionality to core S/4HANA capabilities, but focus on value-add functionality tailored specifically to client industry needs, as the core functionality of S/4HANA expands.

Benefits:

- Clients use S/4HANA as a foundation to gain access to digital transformation technologies (IoT, machine learning) that expand their business case to increased revenues and improved customer service
- Incremental infrastructure cost saving realized through the use of cloud-hosted S/4HANA.

Delivery model:

- S/4HANA implementation plan is incorporated as part of a broader digital transformation initiative
- Assessment and roadmapping are primarily completed by automated tools
- Migration factories located primarily offshore accelerate the migration from ECC to S/4HANA
- S/4HANA is primarily hosted on the cloud; either on SAP Cloud or public cloud providers.

NEAT Methodology for SAP HANA & S/4HANA 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 client future 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 client future 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 ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers**: vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future 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.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Overall HANA & S/4 HANA Capability HANA migration capability S/4 HANA implementation capability Proprietary all-in-ones Proprietary functional extensions Migration tools Ongoing management capabilities
Delivery	Breadth of HANA & S/4HANA capabilities HANA & S/4HANA consulting capabilities Functional skilled resources Technical skilled resources N. America HANA & S/4HANA delivery EMEA HANA & S/4HANA delivery APAC HANA & S/4HANA delivery LATAM HANA & S/4HANA delivery
Presence	Scale of operations - Overall Scale of operations - HANA Scale of operations - S/4HANA
Benefits Achieved	End user satisfaction Data visibility Migration success Value for money

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Overall Future Commitment to Digital Transformation	Financial rating Commitment to S/4HANA Commitment to innovation in S/4HANA services
Investments in HANA & S/4HANA Capabilities	In HANA capabilities In S/4HANA migration capabilities In proprietary offerings In geographic expansion
Ability to Partner & Evolve Services	Key partner Ability to evolve services

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

research.nelson-hall.com

Sales Enquiries

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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