

**\*ISG** Provider Lens™

# Next-Gen Application Development & Maintenance (ADM) Services

USA 2019

## Quadrant Report



A research report  
comparing provider  
strengths, challenges  
and competitive  
differentiators

Customized report courtesy of:



August 2018

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The research and analysis presented in this report includes findings from the ISG Provider Lens™ program and ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that was current as of March 2018. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

The lead author for this report is Ashish Chaturvedi. The editor is Jan Erik Aase and John Burnell. The data analyst is Kankaiah Yasareni.



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# Next-Gen Application Development & Maintenance (ADM) Services Quadrants

## NEXT-GEN ADM

### Definition

Like traditional application services, Next-Gen ADM includes consulting, design, custom development, packaged software integration, operations and testing. However, the scope, delivery mechanism and outcome for such contracts pivot around a value-based approach that focuses on achieving enterprise agility and solving business problems. This quadrant assesses vendors based on their capability to augment traditional ADM services with emerging technologies and methodologies like agile, DevOps, automation, digital and modernization techniques to deliver application outsourcing projects. It also assesses provider capabilities in incorporating new approaches to develop and deliver applications that focus on business outcomes.

### Next-gen Application Development & Maintenance (ADM) Services Next-gen ADM

2019  
USA



Source: ISG Research 2018

## CAPGEMINI



## Overview

Capgemini's ADM services revenue is estimated at \$2.2 billion from the U.S. market in 2017. Capgemini employs approximately 10,000 employees in the U.S., approximately 4,000 in nearshore locations and 15,000 in offshore locations to effectively implement its Rightshore® strategy for U.S. clients.



## Strengths

**Rapid digital portfolio expansion in the U.S.:** In the past two years, Capgemini has made a series of acquisitions including Fahrenheit 212, LiquidHub, Idean and LyonsSG to augment its applied innovation exchange (AIE) initiatives and support the ADM engagements in transformative services.

**Business-centric services portfolio linked to commercial specificity:** Capgemini uses its business process framework to identify the key processes and KPIs that impact business performance. It then applies business-specific metrics into its contractual models to provide commercial specificity to customer's requirements. Its ADMnext services offers clients to Excel at the fundamentals of ADM; enhance the core; and innovate to achieve sustainable competitive advantages.

**Applied Innovation Exchange (AIE):** The Applied Innovation Exchange (AIE) is Capgemini's global initiative for applying innovation. It is designed to enable enterprises to discover, contextualize, experiment with and draw value from innovations across the globe. Enterprises can leverage partners in AIE's ecosystem (which includes technology vendors, startups and specialist firms) to execute new ideas and develop prototypes or proof-of-concept (POC) projects with short deadlines and limited budgets.



## Caution

Capgemini's revenue from new pricing models like application- and outcome-based pricing is significantly lower than its peers.



## 2019 ISG Provider Lens™ Leader

Capgemini has been quite successful in scaling up its IP-driven application business in the U.S. market after the IGATE acquisition. Capgemini's current focus and investment in digital and cloud can help it win large deals in this geography.

## CONTINUOUS TESTING

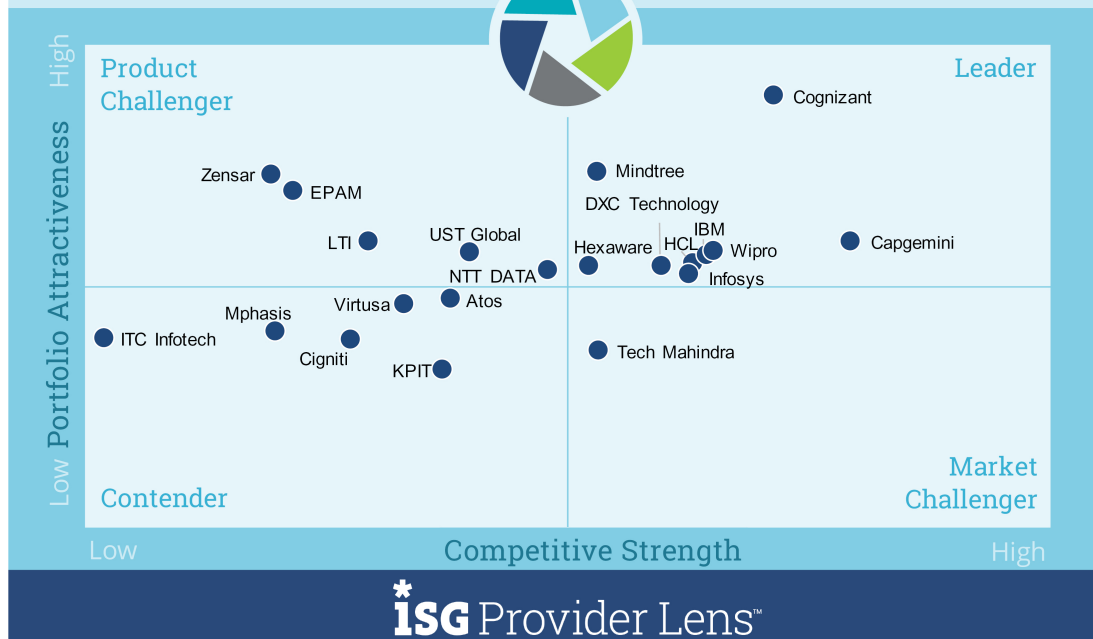
### Definition

Continuous testing focuses on delivering quality assurance at speed. In terms of technology, it encompasses various aspects of automated testing such as shift-left, end-to-end automation across testing phases. However, in terms of people and processes, it goes a step beyond automation testing to accomplish higher collaboration among QA and development teams to sync with sprint cycles and feature-driven testing, improve responsiveness to change and create a feedback loop and greater client involvement. Continuous testing is gaining momentum, especially to help enterprises keep pace with their agile and DevOps initiatives.

Service providers for this quadrant are assessed on their progress and capabilities developed for creating a continuous testing environment with measurable outcomes for their clients.

### Next-gen Application Development & Maintenance (ADM) Services Continuous Testing

2019  
USA



Source: ISG Research 2018

## CAPGEMINI



## Overview

Capgemini's application testing services revenue in the U.S. market was estimated at \$400 million in 2017. It has more than 100 testing clients being supported by approximately 1,650 FTEs located in eight U.S. delivery centers, and a shared pool of almost 10,000 FTEs in offshore delivery centers.



## Strengths

**Ecosystem improvement initiatives:** To enable more effective continuous practices, Capgemini has taken multiple steps to improve its delivery ecosystem. These include virtualization, self-service test data management with auto-integrations, development of bots for touchless automation executions and self-healing automation solution development.

**Strong IP:** Capgemini's proprietary tools, including SmartQA, intelligent Test Automation Platform (iTAP), SmartFoundry, SmartAnalytics and NFT Hub, help bring value across different testing stages by ensuring both agility and quality.

**Re-defined SLAs that support Shift-left:** Testing SLAs are being defined jointly with development teams so that there is an end-to-end quality focus. Some of the important metrics being considered include first time pass rate, build failure rate and zero touch automation thresholds.



## Caution

The majority of Capgemini's testing clients are in the BFSI industry. It does have clients in other industries including energy, telecommunication, CPG and healthcare, but penetration outside the financial sector remains low.



## 2019 ISG Provider Lens™ Leader

Capgemini has undertaken major transformation initiatives to better align itself with the continuous testing requirements of enterprise clients thereby making it an ideal partner to engage for new methods like context-based testing.

## NEXT-GEN ADM FOR BANKING, FINANCIAL SERVICES AND INSURANCE (BFSI)

### Definition

The Next-Gen BFSI industry quadrant includes ADM services provided to Banking, Diversified Financial, and Insurance companies.

This quadrant assesses the strength of providers that provide Next-Gen ADM services to BFSI industry vertical.

Next-gen Application Development & Maintenance (ADM) Services  
Next-gen ADM - BFSI Industry

2019  
USA



Source: ISG Research 2018



## CAPGEMINI



## Overview

Capgemini has a sizable BFSI practice in the U.S. market with approximately 180 clients and 3,500 onshore FTEs.

Capgemini's key focus areas in the BFSI sector include open and connected banking, digital marketing transformation, SMART analytics for financial services, co-innovation with fintech companies, claims transformation, front office optimization, insurance, all-channel experience, increased process automation using RPA and AI, property and casualty, core policy processing and Solvency II solutions.



## Strengths

**Digital accelerators:** Under its ADC model Capgemini has developed more than 40 solution accelerators to address digital challenges. A few examples include BDD Swift (an automation framework to generate automation test cases based on user stories), App Swift (a code generation solution accelerator for cloud-ready apps), a continuous delivery orchestration engine to automate release pipeline implementations based on the Jenkins platform, RoboQ (to reduce technical debt using RPA and Cloud Swift (process application code for cloud deployments).

**Ideal for large transformation projects:** Capgemini has a well-distributed client base across different contract sizes. Approximately 34 percent of its engagements generate more than \$20 million in annual revenue. The scope of these contracts includes end-to-end ADM services from consulting to transformation and operations.



## Caution

Capgemini should consider growing its presence in areas such as blockchain, microservices architectures and cloud technologies.



## 2019 ISG Provider Lens™ Leader

After the acquisitions of iGATE and TCube Solutions, Capgemini has gained strong momentum for growing its existing accounts and increasing its share of wallet from newly added clients in the U.S.

## NEXT-GEN ADM FOR MANUFACTURING

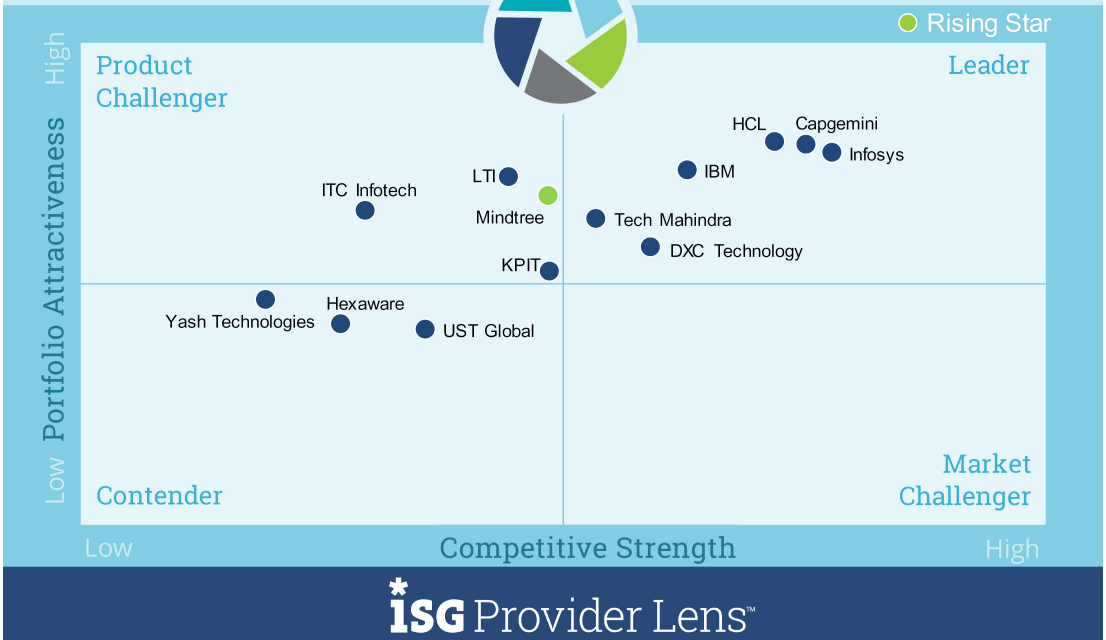
### Definition

The next-gen manufacturing industry quadrant includes services provided to conglomerates, capital goods, construction, consumer durables (like automotive, household appliances), aerospace and defense, materials, semiconductor, technology hardware and equipment companies.

This quadrant assesses the strength of providers that provide next-gen ADM services to the manufacturing industry.

Next-gen Application Development & Maintenance (ADM) Services  
Next-gen ADM - Manufacturing Industry

2019  
USA



Source: ISG Research 2018

## CAPGEMINI



## Overview

Capgemini's 2017 revenue from U.S. manufacturing clients was approximately \$600 million. Capgemini caters to around 125 clients in the U.S.



## Strengths

**A 360-degree next-gen offering for the manufacturing industry:** Capgemini's ADMnext offerings is differentiated on multiple fronts including vertical-specific knowledge repository, unified delivery platform, collaborative engagement options, diverse workforce, flexible outcome-based pricing and range of offerings across the delivery chain.

**Impressive digital offerings:** Capgemini has an array of offerings to achieve digital excellence and continuous evolution in manufacturing client journeys. These include intelligent automation achieved through its Automation Drive suite; DevOps-enabled maintenance, automated SAP service request, cloud and SaaS adoption through its Cloud Services cloud-first services portfolio; cognitive computing through Cortex self-managed autonomic systems; advanced analytics provided through its big data lake-as-a-service (BDLaas); and unified delivery via its "digital factory" concept.



## Caution

Capgemini's Automation Drive suite, comprised of a unified, open and dynamic set of automation tools, is impressive. However, its peers have been able to develop equally or more effective platforms with use cases yielding a high percentage of task automation and incident elimination.



## 2019 ISG Provider Lens™ Leader

Capgemini's offerings span the manufacturing delivery chain and take an impressive approach to modernize and transform the core while ensuring business continuity.

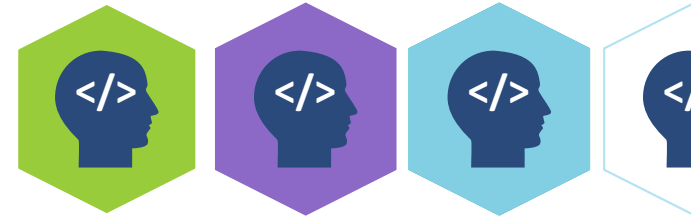
The image features a dark blue background with a light blue horizontal band at the top. On the left side, there are several circular icons resembling camera apertures, arranged in a diagonal line from the bottom left towards the center. These icons are in various shades of blue and white. The word "Methodology" is written in a white, serif font on the right side of the image.

# Methodology

## METHODOLOGY

The research study “ISG Provider Lens™ 2019 – Next-Gen Application Development & Maintenance (ADM) Services” analyzes the relevant software vendors/service providers in the US market, based on a multi-phased research and analysis process and positions these providers based on the ISG Research methodology. The study was divided into the following steps:

1. Define the “Next-Gen Application Development & Maintenance (ADM) Services” market
2. Conduct questionnaire-based surveys with service providers/vendor across all trend topics
3. Hold interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG’s internal databases and advisor knowledge and experience (wherever applicable)
5. Analyze and evaluate services and service documentation based on the facts and figures received from providers and other sources.
6. Evaluate based on the following key criteria:
  - Strategy and vision
  - Innovation
  - Brand awareness and presence in the market
  - Sales and partner landscape
  - Breadth and depth of portfolio of services offered
  - Technology advancements



# Authors and Editors



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Ashish Chaturvedi is a DIGITAL XPERT and Principal Analyst at ISG with over 8 years of experience spanning IT sourcing, technology and industry research. In his current role, Ashish is responsible for authoring thought leadership papers and provider intelligence reports (i.e. Archetypes and Quadrants) in areas of Next-gen ADM and Data Analytics. He has authored several research papers in the realm of Enterprise applications, Cognitive technologies, and Big Data. He is also a member of IDG influencer network (CIO.com).



## Jan Erik Aase, Editor

Director

Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, a services provider, an ISG advisor and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric archetype reports and the worldwide quadrant reports focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.

# ISG Provider Lens™ | Quadrant Report

## August 2018

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