ISG Provider Lens™

Next-Gen Application Development & Maintenance (ADM) Services

Europe 2019

Quadrant Report

A research report comparing provider strengths, challenges and competitive differentiators

August 2018

Customized report courtesy of:

Capgemini

About this Report

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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 June 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.

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ISG Provider Lens™

ISG Provider Lens™

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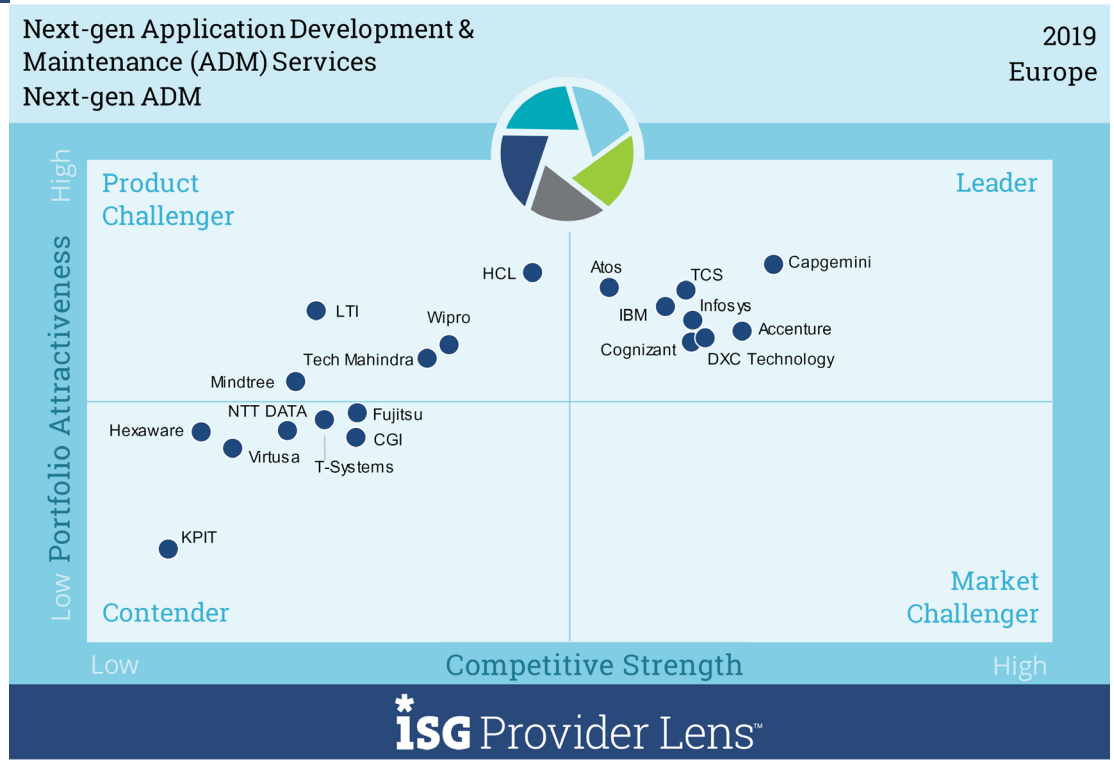
Next-Gen Application Development & Maintenance (ADM) Services Quadrants

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 with a focus on achieving enterprise agility and solving business problems. This quadrant will assess 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 will also assess provider capabilities in incorporating new approaches to develop and deliver applications that focus on business outcomes.



Source: ISG Research 2018

CAPGEMINI

Overview

Capgemini is very well positioned in the next-gen ADM market globally and is one of the largest providers in this segment in Europe. Approximately 60 percent of the company's turnover comes from ADM projects, in Europe with more than 1,000 enterprise customers in all industries. Capgemini proves its strength with a wide range of customer references.

Strengths

Capgemini's Rightshore® approach industrializes delivery and enables customers to combine local and offshore resources into a unified and globally managed delivery network. It is a dynamic and flexible model that accommodates delivery location changes according to the changes in the client's business and demand, including quality, availability and cost considerations.

Capgemini's functional capabilities and capacities are vast and cover all customer ADM requirements — up to the implementation of entire application landscapes. Its ADMnext services offers clients to excel at the fundamentals of ADM; enhance the core; and innovate to achieve sustainable competitive advantages. In Europe, the focus lies on business intelligence, SCM, cloud integration, BPM and mobility platforms. ERP/BPM capacities are also broadly defined, with a clear focus on Microsoft, SAP and Oracle.

Capgemini is moving forward with several acquisitions, some of them from industry-specific suppliers. Topics such as data science, RPA, cognitive technologies, AI and DevOps automation are proactively developed and integrated.

Capgemini's vertical-specific centers of excellence play a major role in marketplace differentiation. They are CALORIE for the energy and utility industries, CHROME for automotive and other manufacturing and CRESCENT for consumer products and retail.

Caution

ISG consultants rate Capgemini as average when it comes to offering low-cost ADM solutions in managed services contracts.

Revenue comes mainly from fixed-price and time/material-based contracts. Nontraditional topics such as transaction-based or outcome-based are still underrepresented.

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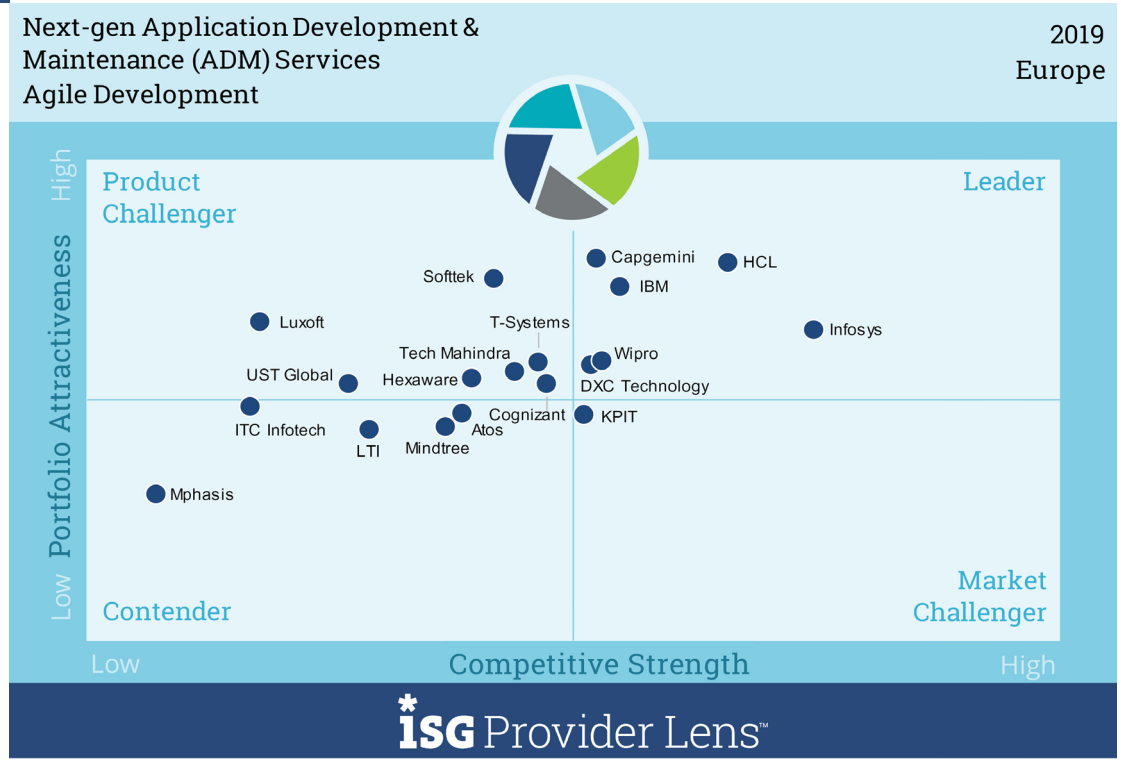
With their successful strategy to industrialize the delivery of their full-stack services portfolio and to expand their capabilities in data science, cognitive and AI technologies Capgemini is well ahead in the ADM market.

AGILE DEVELOPMENT

Definition

Agile development focuses on an incremental and iterative approach to application development. As agile encompasses frequent and early releases of working software, it is being viewed by enterprises as a medium of attaining enterprise agility.

This quadrant will assess capabilities of a provider in being able to deliver tangible results through use of various agile methodologies. It will also look at the focus a provider has of using agile development with respect to its overall application development practice.



Source: ISG Research 2018

CAPGEMINI

Overview

France-based Capgemini is very well positioned in the next-gen ADM market in Europe and is one of the largest providers in this sector. Of late, Capgemini has been making a significant effort to include agile methodologies as a fundamental ethos of its delivery strategy. Agile development is integrated with business services to provide on-going business and IT improvements; and is integrated with infrastructure services to deliver applications and end-user services.

Strengths

Capgemini has established Accelerated Delivery Centers (ADC) in the U.S., U.K., France, Poland and India. These centers use more than 60 tools and accelerators (both industry standard and internally developed) to ensure continuous integration and automated application delivery. Examples are the Continuous Delivery Orchestration Engine, App Swift, BDD Swift, RDV, RoboQ, App Builder and Cloud Swift.

Capgemini continues to grow through a series of acquisitions, some of them from industry-specific suppliers. Topics such as data science, RPA, cognitive technologies, AI and DevOps automation are proactively developed and integrated. Capgemini offers its own framework for agile development.

Capgemini provides an established agile eco-system. and is a SAFe gold partner. Its scrum masters are trained on its proprietary Capgemini Agile Framework (CAF). CAF includes training for four agile scaling frameworks, e.g., SAFe, LeSS, Nexus, and DaD. Moreover, CAF includes SAFe additions to standard LEAN, XP and Scrum practices.

Caution

The percentage of clients adopting a DevOps-led delivery model is low compared to Capgemini's peers. There is enough evidence to suggest that Capgemini has multiple instances of DevOps implementation; however, its penetration seems low.

2019 ISG Provider Lens™ Leader

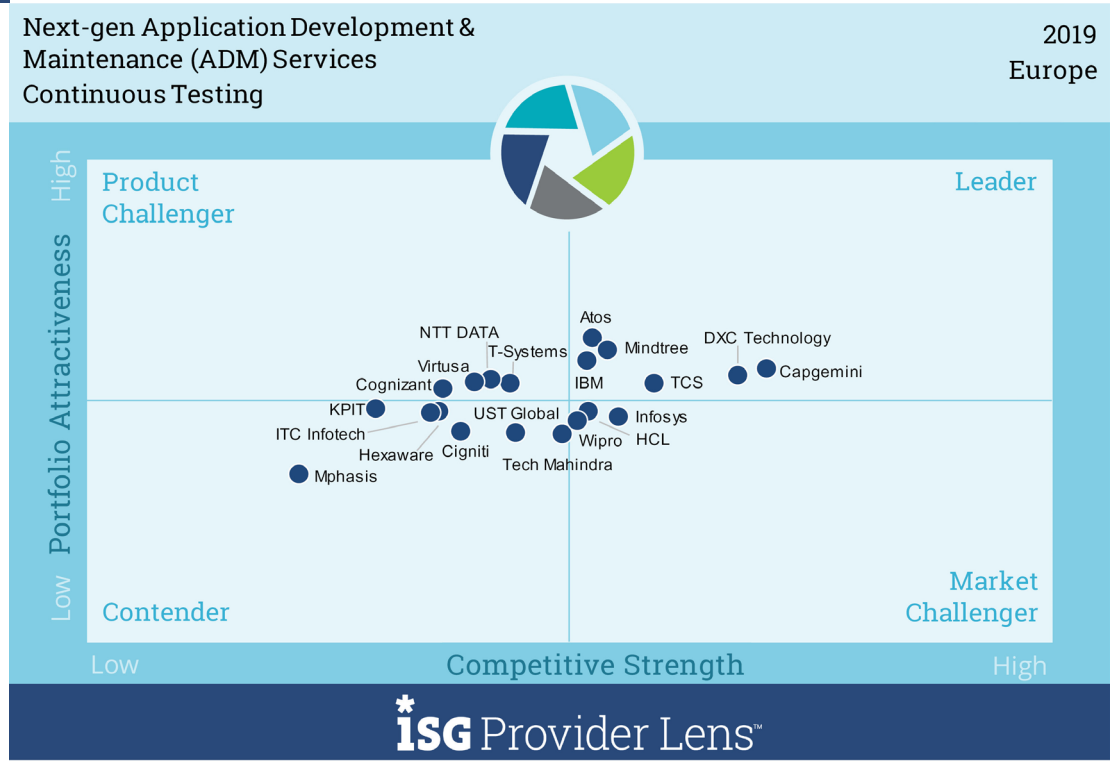
Capgemini's strength is its application development and integration capabilities based on a strong portfolio of proprietary tools and longstanding technology partnerships. Capgemini's ability to anticipate and react to the way applications are being consumed by enterprise clients is impressive.

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, feature-driven testing, responsiveness to change, feedback loop creation 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 would be assessed on their progress made and capabilities developed in terms of creating a continuous testing environment for their clients with measurable outcomes.



Source: ISG Research 2018

CAPGEMINI

Overview

Capgemini's 2017 European revenue from application testing was approximately $500 million. Of this, almost 75 percent of the revenue was constituted by non-traditional testing services. Capgemini provide testing services to more than 200 enterprise clients.

Capgemini is looking to enhance its capabilities in the areas of open source technology, cloud, virtualization, artificial intelligence and bots.

Strengths

Capgemini's technical approaches are diverse, and the ecosystem is constantly expanding. These include data and services virtualization, self-service test data management, automation bots development and execution, and self-healing automation solutions. Topics such as AI and bots, as well as test virtualization and the specific integration solution for testing cloud environments, are being promoted.

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.

Through use of practices like SAFe and lean, Capgemini is attempting to industrialize early testing phases across its portfolio and individual programs.

Caution

The majority of Capgemini's testing clients belong to the BFSI industry. It does have clients in other industries like, telecommunication, CPG and, health care, but penetration remains low.

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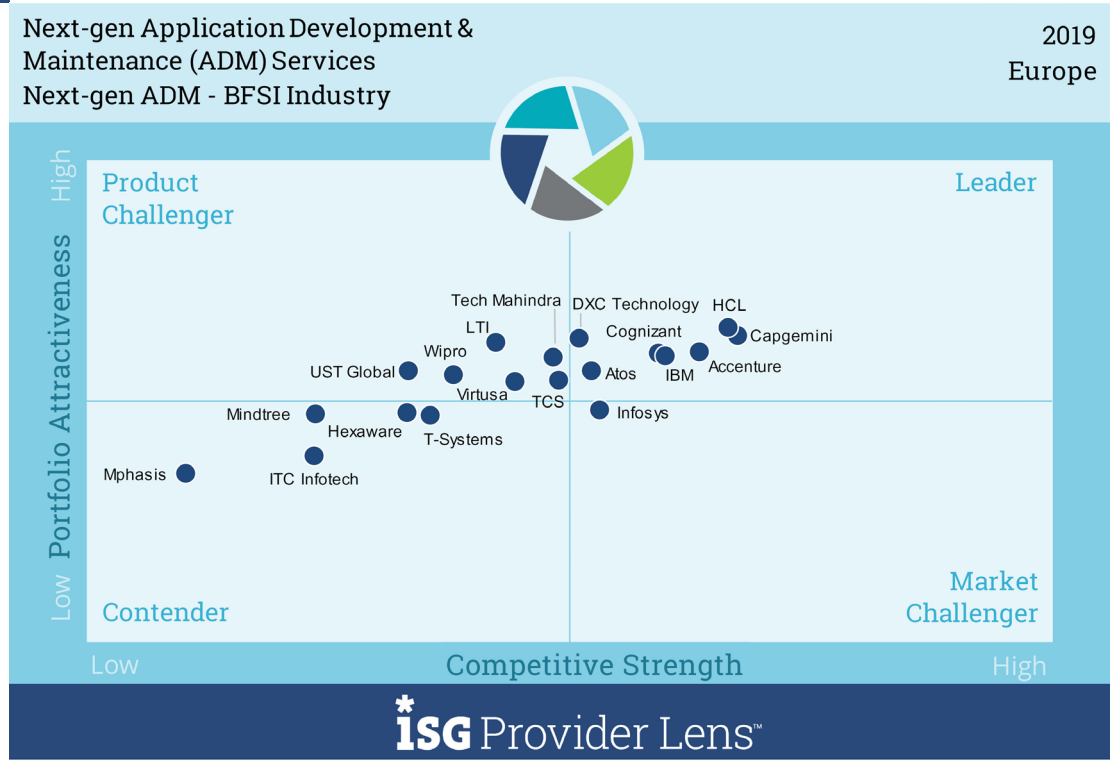
With its strong European and global presence, Capgemini is an excellent fit for large enterprise clients looking for managed and continuous testing services with a balanced mix of offshore and onshore delivery options.

NEXT-GEN ADM – BFSI INDUSTRY

Definition

BFSI industry includes ADM services provided to banking, diversified financial and Insurance companies.

This quadrant will assess the strength of providers that provide next-gen ADM services to the BFSI industry vertical.



Source: ISG Research 2018

CAPGEMINI

Overview

Almost 27 percent of Capgemini's revenue is contributed by the BFSI sector. Capgemini's key area under focus in the BFSI sector includes open and connected banking, digital marketing, SMART analytics for financial services, co-innovation with Fintech, claims transformation, front office optimization, insurance all-channel experience, increased automation of processes using RPA and AI, property and casualty core policy processing, and solvency II solutions.

Strengths

In addition to very specific topics for banking/capital markets and insurance, Capgemini strongly develops blockchain, machine-learning analytics, distributed agile and microservices technologically and dedicated BFSI consulting practices.

Capgemini has long-standing partnerships and experience with many leading software vendors in the financial sector, including FLEXCUBE (banking), Guidewire (insurance), Temenos (banking), Calypso (capital markets), EbaoTech (insurance), FirstData (cards) and Clear2Pay (payment). The partnerships allow Capgemini to work on a wide variety of engagements with a tailored approach.

Capgemini continues its growth through several acquisitions of industry-specific suppliers. Topics such as data science, RPA, cognitive technologies, AI and DevOps automation are proactively developed and integrated. In addition, Capgemini has its own framework for agile development.

Caution

India is currently Capgemini's most important offshore location. As Capgemini wants to expand its BFSI business locally, it must expand its delivery centers at European locations.

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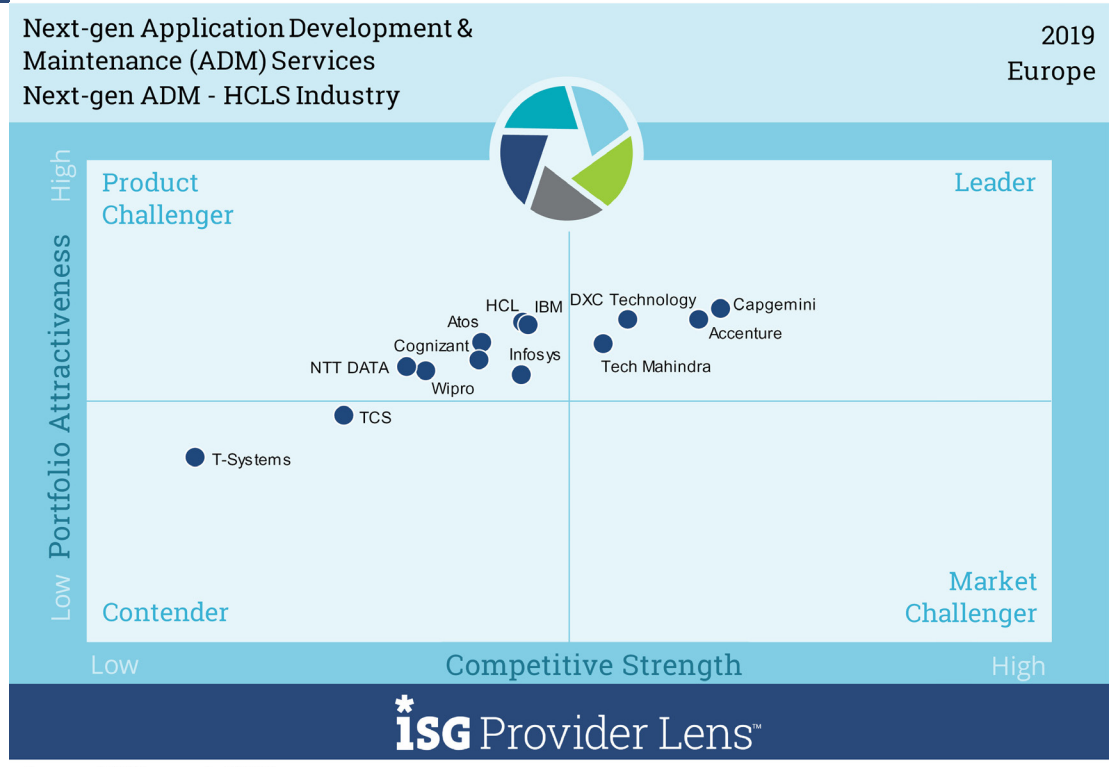
With its broad capabilities, deep industry expertise and long-lasting partnerships, Capgemini provides tailored solutions for the BFSI industry and is a strong candidate for executing large ADM transformation contracts.

NEXT-GEN ADM – HCLS INDUSTRY

Definition

HCLS industry includes ADM services provided to health care institutions, health payers, pharma, biotech and medical devices companies.

This quadrant will assess the strength of providers of next-gen ADM services to the HCLS industry vertical.



Source: ISG Research 2018

CAPGEMINI

Overview

Capgemini is very well positioned in the next-gen ADM market globally and is one of the largest providers in this segment in Europe. Approximately 60 percent of the company's turnover comes from ADM projects.

Capgemini's health care practice is part of financial services (FS), which accounted for 27 percent of the group revenue in 2017, and LifeSciences is part of MALS (Manufacturing, Automotive and Life Sciences), which accounted for 21 percent of the group revenue in 2017. Capgemini has about 25 HCLS customers in Europe.

Strengths

Through the ADMnext suite, Capgemini is able to provide multiple benefits and services to the HCLS companies, including regulatory and compliance-specific expertise, unified delivery platform, access to diverse workforce with domain and technical expertise, and flexible pricing based on business outcomes.

Capgemini has developed various solutions and accelerators catering to various segments under the HCLS sector. For example: LS Path is an end-to-end preconfigured digital transformation platform for life sciences companies; Digicare is a patient-engagement platform; and fraud analytics analyze a payer's data to identify and flag potential fraudulent claims.

Caution

ISG consultants rate Capgemini as average when it comes to offering low-cost ADM solutions in managed services contracts.

The number of specific and identifiable customer references in Europe is relatively small and should be expanded.

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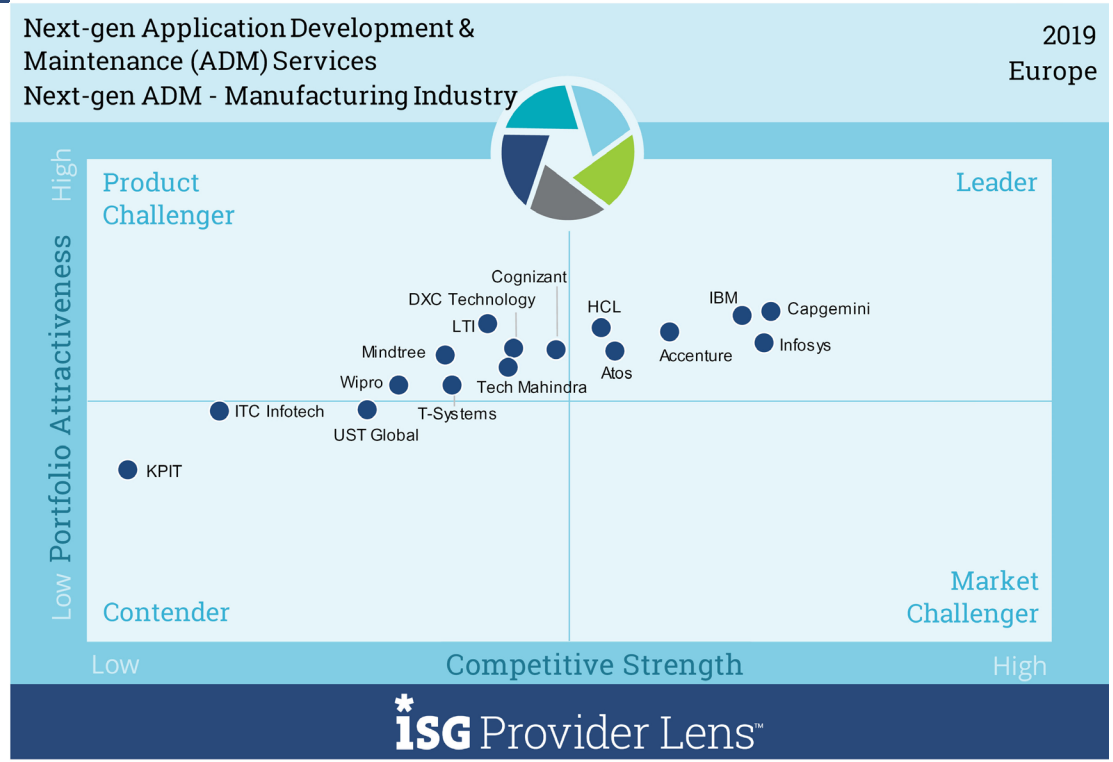
Capgemini has a strong position in the overall next-gen ADM market and a promising portfolio in the European HCLS industry, with some impressive use cases.

NEXT-GEN ADM – MANUFACTURING INDUSTRY

Definition

Manufacturing industry includes service provided to conglomerates, capital goods, construction, consumer durables (like automotive, household appliances), aerospace and defense, materials, semi-conductors, technology hardware and equipment companies.

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



Source: ISG Research 2018

CAPGEMINI

Overview

Capgemini is very well positioned in the next-gen ADM market globally and is one of the largest providers in this segment in Europe. Approximately 60% percent of the company's turnover comes from ADM projects, in Europe with more than 300 enterprise customers and approximately $500 million in revenue in the manufacturing industry.

Strengths

Capgemini is present in all sub-segments of the manufacturing industry and shows interesting and successful customer projects. A wide range of its own solutions and tools demonstrates a deep understanding of the industry and are used successfully by many customers. These include solutions for Industry 4.0 Data Analytics Platform, 3D Visualization, AR/VR-based process digitization and automotive cyber security.

With a strategic focus on intelligent automation, cloud/SaaS adoption, cognitive computing/AI, analytics - with Big Data Lake as a Service (BDLaaS) and Digital Factory concepts, Capgemini continues to develop intensively in the industry.

CHROME is the manufacturing and automotive domain Center of Excellence (CoE). It leverages domain subject matter specialists (SMSs) and assets for digital manufacturing excellence to help deliver innovative solutions. It also acts as a source of in-depth knowledge for new-age technologies such as IoT, AR, VR, blockchain, machine-learning and drones supported by analytics, as well as more traditional technologies of ERP, MES, PLM, and asset management platforms. It also features excellence platform factory of the future (FotF), focused on Industry 4.0

Caution

Capgemini's Automation Drive suite, comprising 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.

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Capgemini leads the European manufacturing industry ADM market with business value and sector-specific knowledge delivered through its ADMnext services. It has an effective services portfolio with an ideal blend of traditional and next-gen offerings.

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 Europe 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

Ashish Chaturvedi, Lead Author

Principal Analyst

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).

Authors and Editors

Oliver Nickels, Author

Senior Advisor

Oliver Nickels has in-depth technical and business know-how and more than 20 years of experience as marketing manager, management consultant and start-up entrepreneur to contribute to ISG customer projects. His focus is on marketing optimization, digital marketing and the digital customer journey.

Oliver works as free-lance consultant to help ISG customers with all issues related to the digital customer journey and digital marketing. Before, Oliver worked many years in various national and international marketing roles for a leading global IT company, in his last position as digital marketing manager with responsibility for the digital customer communications of a business unit and as advisor for the management board.

Oliver holds a degree in computer sciences of the University of Bremen and is a certified marketing assistant. He has also undergone a business model development training.

Oliver has received various marketing rewards, including the gold CLIO, the gold Best of B2B and the gold and bronze German Dialog Marketing Award.

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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.

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