Gartner.

Magic Quadrant for SAP S/4HANA Application Services, Worldwide

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This Magic Quadrant evaluates 18 service providers' capabilities to deliver SAP S/4HANA application assessment, implementation and management services on a worldwide basis. This research will help identify, evaluate and select potential SAP S/4HANA application services providers.

Strategic Planning Assumptions

By 2021, ERP cloud enterprise application implementation labor rates will increase by 60% due to high demand and lack of skilled resources.

By 2022, 30% of large enterprises will have moved to a platform- and product-centric approach with standardized ERP capabilities at the platform core.

Through 2021, CIOs who take a business-strategy-first approach to ERP will deliver 60% increased business value over those who take a vendor-first approach.

Market Definition/Description

This Magic Quadrant addresses the full life cycle of SAP S/4HANA application services, spanning project-based assessment and implementation and multiyear application management services (AMS). Analysts evaluate service providers for their ability to deliver discrete or comprehensive sets of assessment, implementation and management services for clients worldwide, across SAP S/4HANA version 1610 or later and any S/4HANA Cloud version.

Assessment services: Assessment services are discrete, project-based services to assess the impact of either a new SAP S/4HANA implementation or a migration from a legacy platform (or platforms) to SAP S/4HANA. These services include consulting and potentially proof of concept (POC), and cover the analysis of all SAP S/4HANA products, applications, databases, analytics, middleware, mobile and other technologies (on-premises and cloud-based). Assessment services include:

- Impact assessment for both the business process and technical environments
- Roadmap and business case development

Implementation services: Implementation services are discrete, project-based implementations of SAP S/4HANA applications without ongoing management responsibilities.

These services include consulting, development and integration services, and cover all SAP S/4HANA products, applications, databases, analytics, middleware, mobile and other technologies (on-premises and cloud-based). The two main categories of implementation services are:

- **Consulting services,** which are advisory services designed to help companies analyze and improve the effectiveness of business operations and technology strategies. Gartner divides consulting services into two subsegments: business consulting services and IT consulting services. Consulting services go beyond technical blueprinting to include such activities as operating model changes, business process improvement, and standardization and harmonization of processes when they are part of an SAP S/4HANA program. They also include program management, organizational change management and governance.
- **Development and integration services,** which include application development, implementation and integration services for first-time implementations, upgrades, rollouts, consolidations, optimization, or any combination thereof for any version. They also include configuration, customization and enhancement of existing SAP S/4HANA functionalities, reports, interfaces, conversions, extensions, forms, data loading, rollout, integration, testing, and training. Development and integration services can be implemented in a "greenfield," "brownfield" or hybrid way. Greenfield is a new implementation project, while brownfield aims to convert the current ERP system landscape to SAP S/4HANA. A hybrid project is a situation where clients may have part of their project in greenfield and other parts in brownfield.

Management services: Management services are ongoing services focused on SAP S/4HANA applications that are provided as part of a multiyear-based agreement and managed against defined quality metrics. These services include:

- All ongoing activities related to application development, implementation, integration, testing, maintenance and support (functional and/or technical), and help desk services delivered within the scope of a multiyear application services agreement
- All ongoing activities required to perform application monitoring and operational services activities as formalized in run books, including job scheduling and execution, and backup and restoration of the in-scope applications
- All ongoing activities required for providing, maintaining, securing, scheduling, backing up, recovering and supporting inbound and outbound application interfaces (electronic data extraction and translation and loading), web services and databases

This Magic Quadrant does not cover other SAP S/4HANA services; for example:

- All activities relating to business process outsourcing
- All ongoing infrastructure- and hosting-only services
- Any physical — on-premises and cloud — compute assets' associated revenue

- Product-only activities, such as from the resale of SAP S/4HANA licenses or the service provider's third-party products

The list of industries included in this research can be found in Note 1.

A more detailed analysis of the service providers' capabilities, with scoring based on use cases (assessment, AMS or implementation), is available in "Critical Capabilities for SAP S/4HANA Application Services, Worldwide."

Magic Quadrant

Figure 1. Magic Quadrant for SAP S/4HANA Application Services, Worldwide

Source: Gartner (May 2019)

Vendor Strengths and Cautions

Accenture

Accenture is in the Leaders quadrant and is generally a good fit for global enterprises engaged in multifunctional, multiservice, multiyear transformations.

The following numbers are Gartner estimates:

- Accenture has 10,990 trained SAP S/4HANA application services full-time equivalents (FTEs) worldwide; the geographic breakdown of its FTEs is North America, 15%; Latin America, 2%; EMEA, 27%; and Asia/Pacific (APAC), 56%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 29%; Latin America, 1%; EMEA, 41%; and APAC, 29%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 88%
  - AMS: 12%
- The five industries where Accenture had the most projects are consumer products, retail, life sciences, oil and gas, and utilities and energy.

Strengths

- **End-to-end view of the client's S/4 journey:** Accenture's launch of its myConcerto platform in 2018 provides its clients with an end-to-end integrated digital platform that supports clients' S/4 journey with methodologies, assets and accelerators. The myConcerto platform allows clients to assess their current ERP situation and envision their roadmap toward S/4 and other SAP technologies.
- **Industry and business process expertise:** Accenture has considerable strength and breadth in most industries, delivering one of the highest averages of projects by industry segment. It combines knowledge and expertise from its five businesses (Strategy, Consulting, Technology, Operations and Digital) with its industry groups to provide differentiated, industry- and function-based, end-to-end services and solutions. This results in co-developed activities with SAP toward S/4HANA and preconfigured solutions that embed SAP Model Company.
- **Strong global presence:** Accenture's SAP S/4HANA delivery is driven by more than 40 global delivery centers across many geographic regions, all using the same methodologies, tools and assets, and following the same capability, professional and personal development program. This has been fueled by a strong recruitment process in fiscal year 2018 and a considerable talent upskilling process specifically for S/4HANA.

Cautions

- **Not a good fit for the smaller end of the SMB market:** Accenture indicated that 100% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It is therefore not the best fit for smaller SMB clients. Accenture also indicates that it's not a good fit for clients seeking tactical projects that don't require Accenture's global scale or breadth of capabilities.

- **Not the best match for cost-focused clients:** Accenture states that it is not the best service provider for clients seeking staff augmentation with a focus on cost, where there is no opportunity for innovation, continuous improvement or digital transformation services.
- **High cost and inconsistent quality of development resources:** The three areas where Accenture reference clients scored it lowest are total cost of contracted services, innovation proposed and innovation realized. Some of its reference clients indicated that high resource costs forced them to limit time on the project, and that they found inconsistency in the offshore development resource quality.

Atos

Atos is in the Niche Players quadrant and is generally a good fit for large organizations with a European headquarters engaged in end-to-end technology-driven transformation deals.

The following numbers are Gartner estimates:

- Atos has 2,500 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 2%; Latin America, 3%; EMEA, 46%; and APAC, 49%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 4%; Latin America, 2%; EMEA, 82%; and APAC, 12%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 73%
  - AMS: 27%

The five industries where Atos had the most projects are engineering, construction and operations, utilities and energy, agriculture, consumer products, high tech, and sports and entertainment.

Strengths

- **Focused industry templates and automation:** Atos has developed specific vertical templates for S/4HANA in energy and utilities, discrete manufacturing, automotive, and retail. Atos also invested in robotic process automation (RPA) and artificial intelligence (AI) initiatives to improve its application management services offering.
- **Relationship and contractual focus:** Atos reference clients gave the highest scores to relationship management, contracting practices and quality of industry expertise. Atos reference clients have reported one of the highest percentages of fixed price in implementation and management contracts. Also, the percentage of clients that reported on-budget project completion is above the peer group average.
- **Wide presence across Europe:** Atos has built up local capabilities in almost every European country. Its strategic markets are Germany, the U.K. and Ireland, and France. Besides overall European coverage, Atos has also invested in local resources in the Middle East and India, and achieved success in the APAC market.

Cautions

- **Inconsistent client feedback:** Although Atos' clients report overall satisfaction, they scored below the average of the other Magic Quadrant peers in all 19 capabilities surveyed. Its lower scores were in quality of technical skills for emerging SAP S/4HANA functions, knowledge management and continuity of staff. Some Atos references also mentioned a longer time than expected for resource replacement.
- **Fewer S/4HANA SaaS projects:** Atos reported a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed Atos delivery resources for the appropriate experience in S/4HANA SaaS solutions.
- **Limited industry track record:** Atos reported assessment, implementation and management projects in 21 of the 27 tracked industries; however, it has one of the lowest numbers of projects by industry than the average of the other Magic Quadrant peers. Buyers should vet Atos industry experience relevant to their business, especially if they are outside its core industry coverage.

BearingPoint

BearingPoint is in the Niche Players quadrant and is generally a good fit for European clients looking at industry and business expertise combined with IT skills.

The following numbers are Gartner estimates:

- BearingPoint has 255 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is EMEA, 100%.
- Its SAP S/4HANA application services geographic breakdown by revenue is EMEA, 100%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 96%
  - AMS: 4%
- The five industries where BearingPoint had the most projects are automotive, industrial machinery and components, life sciences, consumer products, and banking.

Strengths

- **Focused on European clients with global footprints:** BearingPoint is among the smallest vendors included in this Magic Quadrant in terms of resources. However, it has been able to target and win contracts with global companies leveraging its deep industry and functional process capabilities, its nearshore delivery centers for cost competitiveness, and global partners for local delivery outside Europe.
- **Investments in intellectual property (IP) assets and enablers:** To support clients in using S/4HANA to achieve their business goals, BearingPoint has invested in proprietary IP assets and

enablers for its core industries. Its global business template toolkit includes a business transformation framework, defined rules and key performance indicators (KPIs) to measure optimization of business processes, and ROI business cases.

- **Client-friendly contracts:** The highest scores BearingPoint received from its reference clients were for its contracting practices, its ability to set, manage and deliver against expectations, and its desire to "go the extra mile." Several reference clients provided positive comments regarding the supportive and flexible service received.

Cautions

- **Inconsistency in subcontractor resource quality:** Even though BearingPoint's reference clients are satisfied overall, and scored it above the group average in 10 of the 19 capabilities surveyed, some reference clients cited issues with subcontracted resources with inadequate skill sets. Client should vet proposed key resources from BearingPoint for the appropriate skill sets, experience and alignment with BearingPoint methodology.
- **Focused SAP S/4HANA application management only for key clients and industries:** Although the relative size of its SAP S/4HANA management services is increasing substantially, BearingPoint generates by far the majority of its revenue through implementation services. As a result, it may not be an appropriate choice for clients seeking commodity application management services at low prices.
- **Evaluate for the smaller end of the SMB market:** BearingPoint indicated that 95% of its S/4HANA application services revenue came from clients with more than 2,500 employees. Therefore, it should be evaluated for fit for smaller SMB clients.

Capgemini

Capgemini is in the Niche Players quadrant and is generally a good fit for large enterprises looking to leverage its industry solutions and implementation methodology.

The following numbers are Gartner estimates:

- Capgemini has 5,268 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 7%; Latin America, 2%; EMEA, 18%; and APAC, 73%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 38%; Latin America, 6%; EMEA, 44%; and APAC, 12%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 79%
  - AMS: 21%
- The five industries where Capgemini had the most projects are automotive, utilities and energy, industrial machinery and components, oil and gas, and consumer products.

Strengths

- **End-to-end implementation method:** Capgemini has invested in the development of its own implementation tool that automates key aspects of the S/4HANA design, build, test and go-live activities. This is executed in conjunction with Capgemini's Digital Delivery Framework (DDF), a tool that helps to deliver the project in an agile way and automates non-value-add activities. Some of its reference clients praised the structured process and the tool's positive impact.
- **Certified S/4HANA industry solutions:** Capgemini has developed and obtained SAP certification for preconfigured solutions that allow clients to accelerate the value realization and lower the cost of ownership of their S/4HANA investment. Capgemini also cooperates with SAP to help clients in discrete manufacturing industries to manage their digital transformation.
- **Presence across Western Europe:** Capgemini has a global delivery model with a large presence in Western Europe, especially in Germany, France, Italy and the U.K., with hundreds of local resources in North America and India. Capgemini reference clients' highest scores were on regional capability, total cost of contracted services and contracting practices.

Cautions

- **Inconsistent client feedback:** Although Capgemini's reference clients are satisfied overall by its performance, they scored it below the group average in 15 out of 19 capabilities surveyed. Its lowest scores were proactiveness in bringing ideas, innovation proposed and innovation realized. Some reference clients also mentioned issues with Capgemini's consistency of resource skills quality.
- **May not be a good fit for the smaller end of the SMB market:** Capgemini indicated that 90% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It may therefore not be the best fit for smaller SMB clients. Capgemini did not report numerous references in the banking, healthcare and government sectors.
- **No local resources in some geographies:** Capgemini has reported no SAP S/4HANA resources in the Middle East, Africa, Russia and Japan. It does, however, deliver in these countries when part of a global engagement program. Capgemini also reported investments in Japan to provide local resources.

Cognizant

Cognizant is in the Niche Players quadrant and is generally a good fit for large and midsize enterprises looking to leverage its industry solutions and end-to-end integrated solutions.

The following numbers are Gartner estimates:

- Cognizant has 1,151 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 17%; Latin America, 0%; EMEA, 11%; and APAC, 72%.

- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 63%; Latin America, 0%; EMEA, 32%; and APAC, 5%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 85%
  - AMS: 15%
- The five industries where Cognizant had the most projects are life sciences, consumer products, oil and gas, retail, and utilities and energy.

Strengths

- **Focused industry investments:** Cognizant developed preconfigured industry solutions based on SAP Activate for greenfield S/4HANA implementation for seven key industries: life sciences and healthcare, energy and utilities, discrete manufacturing, chemical manufacturing, airline and aerospace, retail and fashion, and consumer products. These solutions include ready-to-run SAP S/4HANA systems with best practices, validation templates and testing automation.
- **On-time and on-budget delivery:** Cognizant's reference clients reported a high percentage of implementation contracts completed on time or within one month from the original plan. The references also reported the highest percentage of projects completed according to the original budget, indicating Cognizant's capability in project planning and delivery.
- **Cost-effectiveness:** Cognizant's higher reference scores were for total cost of contracted services, quality and professionalism of assigned staff, and quality of technical skills for integrating SAP S/4HANA with other applications. Many clients praised the commitment of its teams and its senior leadership.

Cautions

- **Inconsistent client feedback:** Although Cognizant clients are satisfied overall, the company scored below the average of the other Magic Quadrant peers in all 19 capabilities surveyed. Its lowest scores were in bringing ideas to the client, innovation realized and client reference availability. Some of its reference clients also mentioned challenges around resource availability.
- **Not a good fit for the smaller end of the SMB market:** Cognizant indicated that 90% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It may therefore not be the best fit for smaller SMB clients.
- **Fewer S/4HANA SaaS projects:** Cognizant reported a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed Cognizant delivery resources for the appropriate experience in S/4HANA SaaS solutions.

delaware

Delaware is in the Niche Players quadrant and is generally a good fit for small and medium enterprises looking for best-practice-led deployment on its preconfigured solutions.

The following numbers are Gartner estimates:

- Delaware has 362 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 6%; Latin America, 1%; EMEA, 83%; and APAC, 10%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 8%; Latin America, 1%; EMEA, 84%; and APAC, 7%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 98%
  - AMS: 2%
- The five industries where delaware had the most projects are consumer products, industrial machinery and components, retail, aerospace and defense (manufacturing), and automotive.

Strengths

- **Global hybrid delivery network and good resource feedback:** In terms of resources, delaware is among the smallest vendors included in this Magic Quadrant. However, it operates a single global hybrid delivery network where resources are made available to its clients. One client example showed how the engagement leveraged resources in the U.K., Belgium, China and the Philippines. Additionally, delaware reported one of the lowest attrition percentages of the peer group. Its higher scores were for client reference, quality of functional expertise, and quality and professionalism of assigned staff.
- **Certified S/4HANA industry solutions:** Delaware has developed and obtained SAP certification for six S/4HANA templates for different industries, including discrete manufacturing, automotive, chemical and retail.
- **S/4HANA SaaS track record:** Delaware reported one of the highest numbers of projects (in progress and live) in S/4HANA SaaS (S/4HANA public cloud) of the peer group average. It also indicated that S/4HANA SaaS multitenant is a high-growth area.

Cautions

- **Inconsistent client feedback:** Although delaware's reference clients are satisfied overall by its performance, they scored it below the group average in 18 out of 19 capabilities surveyed. Its lowest scores were proactiveness in bringing ideas, innovation proposed and innovation realized. Some reference clients also mentioned some issues with delaware's experience with SAP Activate methodology.
- **Developing SAP S/4HANA application management:** Although the relative size of its SAP management services is increasing at triple digits year over year, delaware generates by far the majority of its revenue through SAP S/4HANA implementation services. Buyers should vet proposed delaware delivery resources for the appropriate experience in S/4HANA application management.

- **Not the best match for banking and insurance clients:** Delaware states that it is not the best service provider for clients in the banking and insurance industries. Also, delaware indicates that it's not a good fit for clients requiring local delivery capability in central Africa and Spanish-speaking Latin America.

Deloitte

Deloitte is in the Leaders quadrant and is a good fit for global enterprises engaged in multiyear transformation initiatives requiring deep industry and functional expertise.

The following numbers are Gartner estimates:

- Deloitte has 23,400 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 35%; Latin America, 9%; EMEA, 22%; and APAC, 34%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 62%; Latin America, 1%; EMEA, 26%; and APAC, 11%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 85%
  - AMS: 15%
- The five industries where Deloitte had the most projects are high tech, consumer products, life sciences, industrial machinery and components, and media and telecommunications.

Strengths

- **Industry and business process expertise:** Deloitte combines standard implementation models with strong industry expertise. It also leverages its digital transformation playbook, which maps business themes and digital opportunities. Deloitte indicates it has more than 16 preconfigured industry SAP S/4HANA solutions and has prepared 75 next-generation assets (cloud, machine learning [ML], RPA, robotics and AI).
- **Vision on public cloud and clean ERP:** Deloitte is actively shaping its strategy to address market demands in the public cloud ERP space, with a clear vision toward shifting from traditional core-centric ERP custom development to SAP Cloud Platform. This approach is aimed to enable client's agility and competitive advantage while keeping the core ERP as standard as possible.
- **Excellent client feedback:** Reference clients scored Deloitte above the peer average in all the 19 capabilities evaluated. Its higher scores were for relationship management, desire to "go the extra mile" and continuity of staff. Some of its reference clients specifically mentioned how Deloitte moved from being a vendor to a strategic partner for them, and delivered projects using excellent, experienced resources.

Cautions

- **Pure commodity services are not Deloitte's preferred clients:** Deloitte indicates that it commonly combines business consulting with technology consulting, leading to implementation and management service deals. Organizations looking for pure commodity, infrastructure-only or cost-focused S/4HANA services are not its preferred clients.
- **Lock in the selected project team:** Some of its reference clients indicated that Deloitte replaced more senior and experienced resources with less-senior-level ones, which negatively impacted client satisfaction.
- **Expand portion of work using risk sharing:** Its reference clients cite the need for Deloitte to improve the percentage at risk for its implementation projects.

DXC Technology

DXC Technology (DXC) is in the Niche Players quadrant and is generally a good fit for large enterprises looking to integrate and run services across the SAP stack.

The following numbers are Gartner estimates:

- DXC has 2,257 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 6%; Latin America, 7%; EMEA, 16%; and APAC, 71%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 27%; Latin America, 5%; EMEA, 43%; and APAC, 25%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 68%
  - AMS: 32%
- The five industries where DXC had the most projects are industrial machinery and components, automotive, consumer products, utilities and energy, and engineering, construction and operations.

Strengths

- **DXC has outcome-driven methodology:** DXC has co-developed with SAP an outcome-driven methodology to help its clients in S/4HANA adoption and business case creation. This methodology includes a database with hundreds of benefit examples, categorized by application and industry process.
- **Investments in S/4HANA tools:** DXC has invested in multiple tools that cover all the various phases of an S/4HANA migration, aiming to improve project timing and to reduce the downtime during go-live to the minimum. Examples of these tools are an automated extract-and-load tool for master and transactional data, and a custom code remediation tool.

- **Satisfied clients:** DXC's reference clients score it above the group average in 16 of the 19 capabilities surveyed. DXC received the highest scores for quality of technical skills for integrating SAP S/4HANA with other applications, relationship management and desire to go the extra mile. Some reference clients praised DXC's team cooperation.

Cautions

- **Limited industry track record:** DXC reported assessment, implementation and management projects in 16 of the 27 tracked industries, below the average of the other Magic Quadrant peers. Buyers should vet proposed DXC delivery resources for the appropriate experience outside its core industry coverage. DXC's lowest scores from its reference clients were innovation proposed and realized, and client reference availability.
- **Fewer S/4HANA SaaS projects:** DXC reported a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed DXC delivery resources for the appropriate experience in S/4HANA SaaS solutions.
- **May not be a good fit for the smaller end of the SMB market:** DXC indicated that 89% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It may therefore not be the best fit for smaller SMB clients.

EY

EY is in the Visionaries quadrant and is generally a good fit for global enterprises looking for end-to-end, business-led transformation initiatives.

The following numbers are Gartner estimates:

- EY has 5,004 trained SAP S/4HANA application services full-time equivalents (FTEs) worldwide; the geographic breakdown of its FTEs is North America, 29%; Latin America, 8%; EMEA, 44%; and APAC, 19%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 50%; Latin America, 10%; EMEA, 25%; and APAC, 15%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 92%
  - AMS: 8%
- The five industries where EY had the most projects are consumer products, high tech, professional services, industrial machinery and components, and life sciences.

Strengths

- **Embedding S/4HANA with Advisory:** EY embeds its S/4HANA offering within EY global advisory strategy, generating growth in multiple areas like supply chain, business transformation and cyber. EY Advisory aims to find new value for clients, defining cloud strategy, business cases, cost models, levers to realize savings and roadmaps. It also incorporates RPA tools to help accelerate and streamline the move to SAP S/4HANA.

- **New commercial models for cloud:** EY expanded its commercial offering to include multiple alternatives to standard time and material or fixed-price contracts. This includes a solution-as-a-service model, a gain share outcome and a contingency model, where EY executes the project fully at risk, receiving payment based on actual amount realized by the client.
- **Industry and business process expertise:** EY has a deep focus on multiple industries, delivering one of the highest averages of projects by industry segment. It provides S/4HANA industry-specific solutions for consumer packaged goods, life science and healthcare. In addition, client feedback highlighted EY's process expertise brought to transformation engagements.

Cautions

- **Developing S/4HANA application management:** Although the relative size of its S/4HANA management services is increasing substantially, EY continues to generate by far most of its revenue through S/4HANA implementation services. EY focuses on specific clients and industries for S/4HANA application management contracts, typically where it can co-develop with clients focused on end-to-end capabilities versus traditional outsourcing.
- **May not be a good fit for all types of engagements:** EY indicated that almost all its S/4HANA application services revenue came from clients with more than 2,500 employees. Despite its focus on multiple industries, EY is probably less-suited to the education, not-for-profit and aerospace sectors, as well as for clients looking for a pure technical upgrade engagement.
- **Inconsistency in resourcing and contracting:** Although EY's references are satisfied overall, some clients indicated challenges with inexperienced resources, high cost of highly skilled subject matter experts and some underestimation of project complexity.

HCL Technologies

HCL Technologies (HCL) is in the Niche Players quadrant and is generally a good fit for large enterprises looking to leverage its focused industry expertise.

The following numbers are Gartner estimates:

- HCL has 1,234 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 22%; Latin America, 2%; EMEA, 13%; and APAC, 63%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 52%; Latin America, 0%; EMEA, 39%; and APAC, 9%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 75%

- AMS: 25%

- The five industries where HCL had the most projects are aerospace and defense (manufacturing), travel and transportation, utilities and energy, consumer products, and life sciences.

Strengths

- **Good industry exposure and solution add-ons:** HCL has reported engagements (assessment/implementation/management) in 20 of the 27 tracked industries, which is above the peer group average. HCL has developed specific industry templates for industries such as life science, utilities, and aerospace and defense. HCL's maintenance, repair and overhaul (MRO) solution is also sold as an add-on for SAP's own MRO module. HCL's Base90 provides its clients with industry-specific preconfigured best practices for configuration, process documentation, enhancements and test scripts.
- **Investments in S/4HANA tools:** HCL has invested in multiple tools that cover all the various phases of an S/4HANA migration, from assessment to conversion or greenfield implementation. Examples of these tools are an S/4HANA roadmap tool, a code analysis tool and a data conversion tool.
- **Digital assistant integration:** HCL continues to invest in its DRYiCE platforms, which are powered by AI and automation. One of these DRYiCE platform tools is Lucy, an AI-enabled cognitive virtual assistant that can assess and assign user requests. Lucy is currently available with over 120 live conversational flows and can be accessed through multiple channels.

Cautions

- **May not be a good fit for the smaller end of the SMB market and clients in Latin America:** HCL indicated that 97% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It may therefore not be the best fit for smaller SMB clients. HCL also did not report any revenue in the Latin American region, and it has one of the lowest numbers of trained S/4HANA local resources in EMEA.
- **Fewer S/4HANA SaaS projects:** HCL reported a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed HCL delivery resources for the appropriate experience in S/4HANA SaaS solutions.
- **Resourcing issues:** Although HCL's reference clients are overall satisfied by its performance, they scored it below the group average in 17 out of 19 capabilities surveyed. Its lowest scores were innovation proposed and realized, continuity of staff, and quality of technical skills for emerging SAP S/4HANA functions. Some reference clients mentioned staff turnover and a lack of project management skills.

IBM

IBM is in the Leaders quadrant and is generally a good fit for global enterprises engaged in business transformation leveraging cloud technologies and cognitive and industry expertise.

The following numbers are Gartner estimates:

- IBM has 18,000 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 12%; Latin America, 6%; EMEA, 18%; and APAC, 64%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 36%; Latin America, 9%; EMEA, 33%; and APAC, 22%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 78%
  - AMS: 22%
- The five industries where IBM had the most projects are industrial machinery and components, consumer products, oil and gas, retail, and automotive.

Strengths

- **Innovative implementation approach:** IBM's approach starts with its HANA impact assessment tools to identify impact, approach, effort and business case. In addition to the standard greenfield and brownfield approach, IBM's Rapid Move for S/4HANA migrates existing SAP ERP systems with optimized functional and technical transformation. IBM also provides a "data-first" methodology, tackling data extraction, profiling, harmonization and loading early in the migration process.
- **Strong global presence:** IBM delivery is driven by 40 SAP global innovation and delivery centers across many geographic regions, and two service integration hubs. These centers embrace a common set of S/4 methodologies, tools and solutions, share global people management and career development, and provide local language needs for more than 20 countries.
- **Satisfied clients:** IBM's reference clients score it above the group average in 16 of the 19 capabilities surveyed. IBM received its best scores for desire to go the extra mile, relationship management, and quality and professionalism of assigned staff.

Cautions

- **Pure commodity services are not IBM's preferred clients:** IBM indicates that it is not the best fit for clients looking at staff augmentation engagements or commodity-based transactions without a transformational component. Organizations with programs just supported by IT and not by the business are not its preferred clients.
- **Inconsistency in contracting and resourcing:** Although IBM's reference clients scored it above the group average in 16 out of 19 capabilities surveyed, some reference clients indicated a lack of willingness to share risk in its implementation services and rigidness of its legal team. Clients also reported issues with team knowledge and higher attrition during the projects.

- **Not a low-cost provider:** Reference clients scored IBM below the group average for total cost of services, proactiveness and innovation realized. Some clients stated that IBM should improve its capabilities in estimating time, cost and complexity.

Infosys

Infosys is in the Niche Players quadrant and is a good fit for large enterprises looking to leverage its industry solutions and its end-to-end accelerators.

The following numbers are Gartner estimates:

- Infosys has 4,700 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 14%; Latin America, 2%; EMEA, 21%; and APAC, 63%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 34%; Latin America, 3%; EMEA, 53%; and APAC, 10%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 91%
  - AMS: 9%
- The five industries where Infosys had the most projects are retail, automotive, consumer products, life sciences, and utilities and energy.

Strengths

- **Investment in S/4HANA-specific tools:** Infosys is investing in multiple tools to accelerate S/4HANA adoption. This encompasses initial investigation and assessment of the client's landscape in areas like business processes, interfaces and so on, and assists remediation of custom code through proprietary tools like Code Migration and Optimization (CMO). Infosys also has a tool (Infosys Data Services Suite, or iDSS) to extract, transform and reconcile data for a quicker data and transaction upload to the target S/4HANA system.
- **Good industry exposure:** Infosys has reported projects (assessment/implementation/management) in 21 of the 27 tracked industries, above the peer group average. Infosys' Catalyst solutions include preconfigured simplification items for specific industries, aimed to reduce time required for design and implementation.
- **Very good client feedback:** Reference clients scored Infosys above the peer average in 18 of the 19 capabilities evaluated. Its higher scores were for relationship management, desire to "go the extra mile" and quality of technical skills. Many of its reference clients specifically praised its commitment and flexibility during challenges and required project changes.

Cautions

- **Developing SAP S/4HANA application management:** Although the relative size of its SAP S/4HANA management services is increasing substantially, Infosys generates by far most of its revenue through SAP implementation services.
- **Lesser focus on the smaller end of the SMB market, and limited presence in some countries:** Infosys indicated that 83% of its S/4HANA application services revenue came from clients with more than 2,500 employees. Infosys also reported S/4HANA trained resources in only one Latin American country, Brazil, and has limited penetration in the Middle East and Africa. Some reference clients in different regions also reported a wish for more local resources.
- **Fewer S/4HANA SaaS projects:** Infosys reported a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed Infosys delivery resources for the appropriate experience in S/4HANA SaaS solutions.

NTT DATA

NTT DATA is in the Challengers quadrant and is generally a good fit for large and midsize enterprises looking to leverage its wide industry experience and implementation methodology.

The following numbers are Gartner estimates:

- NTT DATA has 5,899 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 11%; Latin America, 1%; EMEA, 61%; and APAC, 27%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 22%; Latin America, 1%; EMEA, 55%; and APAC, 22%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 81%
  - AMS: 19%
- The five industries where NTT DATA had the most projects are automotive, consumer products, industrial machinery and components, retail, and chemicals.

Strengths

- **Broad industry track record and investments:** NTT DATA has reported projects (assessment/implementation/management) in 25 of the 27 tracked industries, the highest number among the vendors in this Magic Quadrant. It has developed and certified multiple S/4HANA templates for different industries, such as automotive and auto parts suppliers. NTT DATA also has a specific S/4HANA conversion factory model in India, which works in parallel on multiple conversion projects to ensure resource leverage and knowledge transition across projects.

- **Strong local presence in EMEA:** NTT DATA has one of the largest S/4HANA local FTE presences in EMEA. It has the largest presence in Germany, Poland and South Africa, and considerable presence in Belgium, the Netherlands and Luxembourg (Benelux), the Nordic region, Spain, Romania and the Middle East.
- **Good client feedback on capabilities:** NTT DATA's reference clients gave it high scores for contracting practices, relationship management and regional capabilities. Several reference clients provided positive comments regarding NTT DATA's quality of consultants, citing their commitment and reliability.

Cautions

- **Fewer SAP S/4HANA resources in Latin America:** Although NTT DATA leverages its Spanish/Portuguese-speaking talent from its Southern European operations to support Latin American clients, it has fewer SAP S/4HANA resources in Latin America than most of the peer group. This may limit resource flexibility in local delivery markets in Latin America.
- **Fragmented go-to-market strategy:** NTT DATA has started a project to drive integration across all its various legal entities, to address buyer confusion regarding which NTT DATA company to work with. While this initiative is in progress, there is still confusion among its potential clients.
- **Inconsistency in resource planning:** Although NTT DATA's reference clients are satisfied overall, some have reported room for improvement in resource planning, guidance on selection between out-of-the-box functionality and customization, and client relationship investments.

PwC

PwC is in the Visionaries quadrant and is generally a good fit for global enterprises looking to implement S/4HANA as part of a business transformation project.

The following numbers are Gartner estimates:

- PwC has 5,001 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 32%; Latin America, 4%; EMEA, 25%; and APAC, 39%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 35%; Latin America, 4%; EMEA, 30%; and APAC, 31%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 99%
  - AMS: 1%
- The five industries where PwC had the most projects are retail, industrial machinery and components, mining, chemicals and engineering, and construction and operations.

Strengths

- **Vision of business-led transformation and benefits:** PwC continues to invest heavily in standardizing, automating and delivering tools to explore emerging technologies, aiming to drive efficiency and enable its team to provide business-led innovation to its clients. These include a cloud-based data management platform for assessment and a process mining solution to identify areas for automation and efficiency gains.
- **Integrated solutions offerings:** PwC blends its industry insights, operations and finance effectiveness knowledge with S/4 expertise and tax and risk control. PwC indicates it has developed six integrated industry solutions for finance transformation, HR transformation, source to pay, connected supply chain, sales and marketing, and analytics and AI.
- **Excellent client feedback:** Reference clients scored PwC above the peer average in all the 19 capabilities evaluated. Its highest scores were for access to references, ability to set, manage and deliver against expectations, and regional capability. Several of its reference clients specifically praised PwC's flexibility during implementation and its professional team of consultants.

Cautions

- **Developing S/4HANA application management:** Although the relative size of its S/4HANA management services is increasing, PwC continues to generate by far most of its revenue through S/4HANA implementation services. PwC focuses on very few specific clients and industries for S/4HANA application management contracts, typically where it is the implementer of the solution, as opposed to commodity-based IT application management contracts.
- **Less focus on pure technology migration:** PwC indicates that, while it has the capabilities and does do such work, it less often pursues tech-only upgrade engagements given its focus on delivering business value.
- **Inconsistency in contracting and resourcing:** Although PwC's reference clients scored it above the group average in all of the 19 capabilities surveyed, some clients indicated concerns with PwC's lack of carrying financial risk for implementations. Some other reference clients indicated challenges in PwC allocating the right team at the beginning of the project.

SAP

SAP is in the Challengers quadrant and is generally a good fit for enterprises looking to have SAP direct support in their industry transformation, especially if targeting SAP Model Company.

The following numbers are Gartner estimates:

- SAP has 5,380 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 20%; Latin America, 9%; EMEA, 42%; and APAC, 29%.

- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 33%; Latin America, 7%; EMEA, 44%; and APAC, 16%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 39%
  - AMS: 61%
- The five industries where SAP had the most projects are consumer products, professional services, automotive, industrial machinery and components, and utilities and energy.

Strengths

- **Broad industry exposure:** SAP has reported projects (assessment/implementation/management) in 24 of the 27 tracked industries, one of the highest of the group. It has the highest average number of projects by industry, often playing a role in conjunction with one of the other service partners. Its SAP Model Company service is aimed at accelerating deployment and using best-practice processes in 16 industries, such as oil and gas or consumer products, and 10 line-of-business processes, such as finance or connected manufacturing. Prepackaged Model Companies are now interoperable, allowing a single customer to use more than one Model Company.
- **Continued investment in delivery capabilities:** SAP continues to invest in automation and tools to accelerate the migration to SAP S/4HANA in multiple areas, including planning and execution, custom code adaptation, improved data migration, and reduced integration effort.
- **Broad reach and presence globally:** SAP has built up local capabilities in every country that Gartner tracks except Vietnam. Besides overall European and North American coverage, SAP has invested in local resources in the Middle East, Africa and Latin America. This has been fueled by a solid recruitment and training process specifically for S/4HANA.

Cautions

- **Not a low-cost or risk-taking provider:** The three areas where reference clients scored SAP the lowest are contracting practices, innovation proposed and innovation realized. SAP reference clients reported a lower number of contracts with at-risk amounts and a lower at-risk percentage for those contracts with an at-risk provision. Some SAP reference clients also reported a much higher cost of resources versus other partners.
- **Inconsistent client delivery:** Although some SAP reference clients are extremely satisfied, some others have reported challenges in finding the right experienced resources to solve specific issues, gaps in business know-how and internal SAP teams working in silos (multiple divisions not acting as one). These clients would like to see more customer focus when encountering critical issues, more business knowledge and improved cooperation among the different SAP teams.

- **Not the best match for cost-focused clients:** SAP states that it is not the best service provider for clients pursuing low-price engagements, clients owning various non-SAP solutions that are to be supported and clients not ready for digital transformation.

TCS

TCS is in the Niche Players quadrant and is generally a good fit for large enterprises looking to leverage its industry expertise and its integration capabilities.

The following numbers are Gartner estimates:

- TCS has 8,500 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 26%; Latin America, 2%; EMEA, 14%; and APAC, 58%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 57%; Latin America, 1%; EMEA, 28%; and APAC, 14%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 92%
  - AMS: 8%
- The five industries where TCS had the most projects are retail, life sciences, high tech, industrial machinery and components, and automotive.

Strengths

- **Good industry exposure and M&A focus:** TCS has reported projects (assessment/implementation/management) in 21 of the 27 tracked industries, above the peer group average. TCS is cooperating with SAP to access its model company solutions and provide extensions for its clients. TCS has a specific focus on life science clients, and in merger, acquisition and divesture engagements.
- **Strong presence in Europe and North America:** TCS has one of the largest local presences of SAP S/4HANA resources in Europe and North America among all the vendors included in this Magic Quadrant. TCS also reported strategic investment to enable all its workforce to be familiar with agile methodology by 2020.
- **Very good client feedback:** Reference clients scored TCS above the peer average in 18 of the 19 capabilities evaluated. Its higher scores were for total cost of contracted services, relationship management and professionalism of assigned staff. Several reference clients provided positive comments regarding the high technical quality and the commitment of their TCS implementation resources.

Cautions

- **Fewer S/4HANA projects, especially SaaS:** TCS reported a lower number of projects by industry in implementation and management, and a lower percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Buyers should vet proposed TCS delivery resources for the appropriate experience in S/4HANA solutions.
- **Less focus on the smaller end of the SMB market:** TCS indicated that 89% of its S/4HANA application services revenue came from clients with more than 2,500 employees. Therefore, it should be evaluated for fit for smaller SMB clients. TCS also indicated that it has a lower focus on public-sector clients in selected markets.
- **Developing SAP S/4HANA application management:** Although the relative size of its SAP management services is increasing substantially, TCS generates by far most of its revenue through SAP implementation services. Some of its reference clients also reported the need for TCS to increase focus on its post-go-live support activities and to be closer to the business needs.

Tech Mahindra

Tech Mahindra is in the Niche Players quadrant and is generally a good fit for businesses looking to leverage its core industry expertise and its automation platform.

The following numbers are Gartner estimates:

- Tech Mahindra has 1,610 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 6%; Latin America, 4%; EMEA, 10%; and APAC, 80%.
- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 29%; Latin America, 7%; EMEA, 37%; and APAC, 27%.
- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:
  - Assessment and implementation services: 80%
  - AMS: 20%
- The five industries where Tech Mahindra had the most projects are automotive, industrial machinery and components, utilities and energy, life sciences, and consumer products.

Strengths

- **Proprietary automation platform:** Tech Mahindra has developed Epselon for SAP S/4HANA, an automation platform used in the different phases of clients' S/4HANA journeys, starting from discovery, process simplification and migrations, decustomization, and application support. The solution has been certified by SAP, and it's also used to provide an easier path to SAP version upgrades or enhancement packs.

- **S/4HANA SaaS project experience and a variety of client sizes:** Tech Mahindra reported a better percentage of S/4HANA SaaS projects (S/4HANA public cloud) than the peer group average. Tech Mahindra also indicated that 79% of its S/4HANA application implementation service revenue came from clients over 1,000 FTE, covering a much wider range than the peer group.

- **Good client feedback:** Reference clients scored Tech Mahindra above the peer average in 14 of the evaluated 19 capabilities evaluated. Its highest scores were for relationship management, desire to “go the extra mile,” and ability to set, manage and deliver against expectations. Many of its reference clients specifically praised its commitment and dedication during the project, especially in very complex manufacturing processes.

Cautions

- **Low local resource availability:** Tech Mahindra has one of lowest presences of S/4HANA-trained resources in EMEA and North America across the included vendors in this research. It needs to build up its local resource pool to improve support of clients’ different languages and requirements.

- **Needs to be more innovative and proactive:** Reference clients’ lowest scores for Tech Mahindra were for innovation proposed, innovation realized and bringing ideas to the client. Some of its reference clients expected more transformational leadership capabilities from their engagement.

- **Limited industry track record:** Tech Mahindra reported SAP S/4HANA implementation projects in 11 of the 27 tracked industries, one the lowest of the group. Buyers should vet proposed Tech Mahindra delivery resources for the appropriate experience outside its core industry coverage.

Wipro

Wipro is in the Niche Players quadrant and is generally a good fit for large enterprises looking to leverage its core industry verticals and its automation capabilities.

The following numbers are Gartner estimates:

- Wipro has 1,324 trained SAP S/4HANA application services FTEs worldwide; the geographic breakdown of its FTEs is North America, 27%; Latin America, 9%; EMEA, 16%; and APAC, 48%.

- Its SAP S/4HANA application services geographic breakdown by revenue is North America, 36%; Latin America, 15%; EMEA, 30%; and APAC, 19%.

- The revenue breakdown of its worldwide SAP S/4HANA services is as follows:

  - Assessment and implementation services: 85%

  - AMS: 15%

- The five industries where Wipro had the most projects are consumer products, high tech, oil and gas, utilities and energy, and healthcare (providers).

Strengths

- **Specific S/4HANA framework and methodology:** Wipro has developed different frameworks to address its clients' needs to envision benefit realization and business outcome. Wipro's business value meter methodology aims to measure business outcome based on different drivers, such as enhanced customer satisfaction, cost avoidance and recovery, and increased employee satisfaction.
- **Continued investment in automation:** Wipro continues to invest in and improve the capabilities of HOLMES, its AI platform, which includes different bots. One example is a chat interfacing capability that provides an end-to-end solution powered by automation between live insights, predictive analytics and business process optimization for S/4HANA application management.
- **Focused industry and process investments:** Wipro's higher scores from its reference clients were regional capabilities, quality of functional expertise, ability to set, manage and deliver against expectations, and desire to go the extra mile. Wipro has rapid deployment solutions for utilities, automotive, chemicals, fashion and retail, mining, and oil and gas. Wipro also developed specific S/4HANA solutions for supply chain risk visibility and connected equipment.

Cautions

- **May not be a good fit for the smaller end of the SMB market:** Wipro indicated that 88% of its S/4HANA application services revenue came from clients with more than 2,500 employees. It may therefore not be the best fit for smaller SMB clients.
- **Resource issues and replacement delays:** Although Wipro's reference clients scored it above the group average in 11 out of 19 capabilities surveyed, the areas where it scored the lowest are continuity of staff, innovation proposed and innovation realized. Some clients mentioned delays in providing resource replacements, and that in some instances, the quality of resources was not in line with expectations.
- **Low-risk-taking provider:** Wipro reference clients reported one of the highest percentages of contracts without an at-risk amount in implementation services. Some Wipro reference clients also reported long decision-making processes when changes had contractual or financial impact.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

This is a new Magic Quadrant, so no companies were added.

Dropped

This is a new Magic Quadrant, so no companies were dropped.

Inclusion and Exclusion Criteria

The criteria for inclusion of service providers for the Magic Quadrant are based on a combination of quantitative and qualitative measures.

Quantitative Criteria

Service providers included in this Magic Quadrant must satisfy one of the following quantitative criteria:

- A **minimum of $55 million revenue** in the 12 months between July 2017 and June 2018, derived from assessing, implementing and/or managing SAP S/4HANA version 1610 or later, and any S/4HANA Cloud version, *or*
- A **minimum of 35 projects** implementing (live or in progress, excluding POC/business case/ assessment) SAP S/4HANA version 1610 or later, or S/4HANA Cloud

Revenue was estimated for the period July 2017 through June 2018.

Qualitative Criteria

- Overall market interest in and visibility of the service provider, as determined by serious consideration for selection from enterprise clients
- Gartner analysts' interactions with enterprise buyers, which reveal interest in specific SAP S/ 4HANA application services providers
- Broad capability and technical/package expertise in combination with domain and process knowledge of the SAP S/4HANA application suites

Evaluation Criteria

Ability to Execute

Gartner analysts evaluate vendors on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation within Gartner's view of the market.

Product or Service: We look at core goods and services that compete in and/or serve the defined market. This includes current product and service capabilities, quality, feature sets, skills and so on. They can be offered natively or through OEM agreements/partnerships, as defined in the Market Definition and detailed in the subcriteria.

The subcriteria are:

- Capability to address the entire SAP S/4HANA product suite
- End-to-end SAP S/4HANA capabilities, including program management, design, implementation, organizational change management and managed services
- Scale and complexity of the SAP S/4HANA engagements

Overall Viability: Viability includes an assessment of the organization's overall financial health, as well as the financial and practical success of the business unit. We view the likelihood of the organization to continue to offer and invest in the product, as well as the product position in the current portfolio.

The subcriteria are:

- SAP S/4HANA practice area profile (for example, financial strength, organic revenue and FTE growth, acquisitions, utilization and attrition)
- Investments in new SAP S/4HANA application services solutions and resources (IP, assets, tools, people)

Sales Execution/Pricing: We look at the organization's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

The subcriteria are:

- Pricing strategy and use of alternative pricing models
- Understanding of the issues that are driving the adoption (or lack thereof) of alternative pricing
- Demographic profile that drives win ratio

Market Responsiveness/Record: This is the ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness to changing market demands.

The subcriteria are:

- Experience and investments in newer SAP S/4HANA technologies and solutions (such as cloud and AI) and the use of appropriate strategies (such as AI, analytics and process improvement) to improve service levels or reduce costs

- Vendor's market assessment of the common questions clients are asking and those areas where clients are struggling within their SAP S/4HANA environment
- Client examples of delivering against business-outcome-based objectives and metrics, as well as a demonstration of depth, understanding and focus of vendor efforts

Customer Experience: Products and services and/or programs that enable customers to achieve anticipated results with the products evaluated. Specifically, this includes quality supplier-buyer interactions, technical support or account support. This may also include ancillary tools, customer support programs, availability of user groups, service-level agreements and so on.

The subcriterion is:

- Customer satisfaction and overall evaluation of the vendor's SAP S/4HANA capabilities

Operations: We look at the ability of the organization to meet goals and commitments. Factors include the quality of the organizational structure, skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently.

The subcriteria are:

- Organizational and business models specific to SAP S/4HANA execution
- Applied use of methodologies, industry standards and control frameworks, including project and organizational change management
- Global and regional delivery model capabilities:
  - Number of global delivery centers limited to — or clearly identified as — SAP S/4HANA-specific delivery centers
  - Country locations

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Low
Market Responsiveness/Record	High
Marketing Execution	Not Rated
Customer Experience	High
Operations	High

Source: Gartner (May 2019)

Completeness of Vision

Gartner analysts evaluate vendors on their ability to convincingly articulate logical statements. This includes current and future market direction, innovation, customer needs, and competitive forces, and how well they map to Gartner's view of the market.

Market Understanding: We look at the ability to understand customer needs and translate them into products and services. Vendors that show a clear vision of their market listen, understand customer demands, and can shape or enhance market changes with their added vision.

The subcriteria are:

- Knowledge and articulation of key SAP S/4HANA market directions and trends, and the vendor's offerings to address them
- SAP S/4HANA thought leadership and vision (the vendor's strategy to stay out in front of challenges)

Marketing Strategy: We look for clear, differentiated messaging consistently communicated internally, and externally through social media, advertising, customer programs and positioning statements.

The subcriterion is:

- Marketing strategy for SAP S/4HANA application services across different industries, geographic markets and client demographics (client size and scope)

Sales Strategy: We look for a sound strategy for selling that uses the appropriate networks, including direct and indirect sales, marketing, service, and communication. This can include partners that extend the scope and depth of market reach, expertise, technologies, services and their customer base.

The subcriteria are:

- Strategies for selling services, including incentive plans for adding new clients and growing existing clients
- Vendor's account management and vision for creating new and/or additional SAP S/4HANA application services business

Offering (Product) Strategy: This is an approach to product development and delivery that emphasizes market differentiation, functionality, methodology and features as they map to current and future requirements.

The subcriteria are:

- Approach to solution development and delivery across SAP S/4HANA application services
- Vision for developing current and future SAP S/4HANA application services offerings, and targeted investments the vendor has made based on its strategy

- Specific examples of current application services tools, processes and branded IP for SAP S/4HANA

Vertical/Industry Strategy: We consider the strategy to direct resources (sales, product, development), skills and products to meet the specific needs of individual market segments, including verticals.

The subcriteria are:

- How the vendor addresses the disruptive forces in its targeted industries
- Current industry investments demonstrating completeness of vision (showcasing specific IP, centers of excellence or industry-specific assets)
- Factors that will drive success in SAP S/4HANA application services in the targeted industries

Innovation: We look at direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

The subcriteria are:

- Innovative investments in SAP S/4HANA tools, automation, analytics, methods, prebuilt assets and industry/process maps to assist in improving speed and/or quality of implementation, reducing the total cost of ownership (TCO) or accelerating the ROI of the solution
- Vendor's leading innovations of new services/offerings related to SAP S/4HANA application services

Geographic Strategy: This is the vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

The subcriteria are:

- Current investment in global and regional SAP S/4HANA delivery programs
- Vendor's strategy and methodology for implementing future global and regional programs for SAP S/4HANA application services

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Not Rated
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Medium

Source: Gartner (May 2019)

Quadrant Descriptions

Leaders

Leaders are performing well today, gaining traction and mind share in the market; they have a clear vision of market direction and are actively building competencies to sustain their leadership position in the market. Leaders have built a considerable S/4HANA track record and capabilities across multiple industries, geographies, deployment approaches or modules.

Challengers

Challengers execute well today for the portfolio of work selected, but they have a less well-defined view of the market's direction than Leaders do. Consequently, they may be tomorrow's Leaders, or they may not be aggressive and proactive enough in preparing for the future. Challengers have considerable S/4HANA track record and capabilities, but their vision is not strong enough to capitalize on the changing market.

Visionaries

Visionaries recognize and articulate important market trends and directions. However, they may not be in a position to fully deliver and consistently execute on that vision today. They may need to improve their service delivery in general or for a particular segment of the market (such as assessment, implementation or AMS).

Niche Players

As the S/4HANA services market is a developing one, many leading traditional SAP players are still building their capability, track record and experience across multiple industries, geographies, deployment approaches or modules. Niche Players may be strong in particular segments of the market or use cases, such as implementation services versus AMS, a particular industry, size of client, deployment approach, functional area or geography. Their ability to execute or innovate is limited to those areas of strengths, and their track record in multiple industries, geographies or use cases may be limited too. Some of the providers in this segment were evaluated highly for customer satisfaction and can be considered to be leading players within their niche markets or industries. Niche Players need to increase their capabilities across all use cases, geography coverage, number of projects by industry, innovation and bench strength across the spectrum of services.

Context

This Magic Quadrant addresses the worldwide SAP S/4HANA application services capabilities of providers that meet our criteria for inclusion. The relative positioning of vendors in this Magic Quadrant is based on inclusion criteria and key criteria for evaluating the Ability to Execute and Completeness of Vision. This Magic Quadrant is a point-in-time analysis, with all the provider profiles reflecting the status as of April 2019. Quantitative data reflects a 12-month period ending June 2018.

When considering S/4HANA service partners for a request for information or a request for proposal, clients are advised to not simply select service providers in the Leaders quadrant. A provider may appear in a particular quadrant based on Gartner's extensive analysis across the full-service life cycle in many industries and other criteria. However, for any given deal, a client company's selection criteria will be narrower and more specific. Consequently, vendors in the Challengers, Visionaries or Niche Players quadrants may prove to be more appropriate for the engagement.

Use the Magic Quadrant as a tool to help inform your shortlist and evaluation of providers for your SAP S/4HANA programs. However, because the inclusion criteria in the Magic Quadrant result in the analysis of the largest providers in the SAP S/4HANA application services market, clients shouldn't disqualify any potential competitor simply because it does not appear in this Magic Quadrant.

Honorable Mentions

Many relevant service providers were not included, as they did not meet the inclusion criteria, but have significant SAP S/4HANA capabilities. Depending on resourcing objectives, size of project, industry, geography or other factors, providers not analyzed in this MQ may present better alternatives. A Gartner analyst can help with a shortlist of the most suitable candidates based on client requirements. Below is a nonexhaustive list:

- ABeam Consulting
- All for One Steeb

- Clarkston Consulting
- EPAM
- Fujitsu
- GyanSys
- ITC Infotech
- Illumiti
- LTI
- Mindtree
- NEORIS
- SNP
- smartShift
- Syntax
- Softtek
- Techedge
- Tieto
- T-Systems
- YASH Technologies

Market Overview

SAP S/4HANA services momentum is increasing; 72% is the median year-over-year growth in S/4HANA services revenue for the 18 service providers in this Magic Quadrant for the 12 months ending June 2018. Despite this growth, Gartner estimates that less than 10% of SAP Business Suite installed base is live with SAP S/4HANA today, with another 10% with projects underway. About 80% have yet to migrate, with the implication that there may be a rush of enterprises seeking consulting support to adopt in the next three to six years. This would create challenges, such as a shortage of consultants to meet demand, inexperienced resources assigned due to shortage, higher prices and the likelihood of settling for a technical conversion with little value added to the business.

Greenfield implementation (new and reimplementation) continues to be the approach for a large swath of the market. With the exception of a couple of service providers, greenfield implementation makes up the majority (average of 70%) of the SAP S/4HANA engagements. Existing clients undertake greenfield implementation when their current systems are fragmented, highly customized and brittle, and they are unable to support their digital transformation ambition. Or, they may turn to greenfield implementation if their businesses have changed over the years and they have outgrown their legacy ERP systems. In addition, many clients implement S/4HANA when they have a corporate event like acquisitions and divestitures. Only 27% of reference customers cited "end of support for current ERP system" as the rationale for migration, compared to 53% that cited "improved ability to support digital initiatives."

For a greenfield approach, clients look for service provider capabilities beyond S/4HANA skills to process optimization, change management, and industry and functional expertise. Gartner expects brownfield conversion and hybrid implementation (part greenfield and part brownfield) will rise in prevalence as existing clients migrate to S/4HANA in advance of the end of support of the current ERP product in 2025. Also, during the period of this Magic Quadrant evaluation, finance is the predominant functionality implemented, as this module is the most mature. Gartner expects this market to evolve rapidly to incorporate other functionalities, which may substantially change vendor positioning.

Cost of implementation continues to be a challenge for clients as they struggle with competing budget priorities. Service providers are tackling this issue and differentiating themselves by investing in tools, accelerators and preconfigured solutions. While SAP has its preconfigured solutions, dubbed SAP Model Company, many service providers augment the SAP Model Company through extensions that enhance the value of S/4HANA to specific industries and processes. Atos, for example, partners with Inventy to benchmark customers' performance against their peers and predict the business case for S/4HANA migration, within a 72-hour turnaround time. LTI has an S/4HANA Smart Analyzer tool that, within two weeks, is able to show the client the process and system impacts of migrating to S/4HANA, including risks and benefits expected, and technical information on custom objects. IBM has a similar assessment tool that also helps with the business case, and a partnership with SNP for an accelerated approach leveraging SNP's suite of automation tools, trademarked "IBM Rapid Move for SAP S/4HANA." EY offers a robotic process automation approach to migration.

Cloud adoption is mixed. Service providers reported that nearly every S/4HANA conversion involves the exploration of infrastructure cloud adoption, with Amazon Web Services and Microsoft Azure as the two most visible candidates. However, S/4HANA Cloud Edition (both single tenant and multitenant) is still an emerging market. Service providers in this Magic Quadrant averaged only four such engagements in the past year.

Satisfaction levels by reference customers are high (mean of 4.35 out of 5), but there are areas where there is room for improvement. The areas where reference customers are least satisfied are organizational change management, innovation proposed, innovation realized, proactiveness in bringing ideas and quality of technical S/4HANA skills.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"How Markets and Vendors Are Evaluated in Gartner Magic Quadrants"

"Optimize Your SAP S/4HANA Service Provider Selection by Leveraging Gartner Client References"

"Competitive Landscape: SAP S/4HANA Service Providers"

"What Customers Need to Know When Considering a Move to S/4HANA — 2018 Update"

"Is SAP HANA Enterprise Cloud Right for Your Organization?"

Evidence

Evaluation in this Magic Quadrant is informed by:

- Primary research — Gartner inquiries with user organization clients. Services and sourcing analysts collectively took more than 200 inquiries with end-user clients on service providers relating to SAP S/4HANA services over 12 months (April 2018 through March 2019).
- Primary research — Feedback from 217 SAP S/4HANA service client references worldwide, submitted by the participating service providers, using online surveys.
- Primary research — A 90-minute vendor briefing from each participating service provider addressing capability proof points of each evaluation criterion in the Magic Quadrant.
- Primary research — A detailed vendor survey covering revenue, staffing, geographic capabilities, investments and other relevant information, totaling more than 1,000 data points.
- Secondary research — Press releases and publicly available information, including company websites and financial reports.
- Other Gartner analysts — Peer review of this document by 11 other Gartner analysts. Their views and comments were taken into account. In addition, this document was presented and defended at the 7 March 2019 Gartner Application Services Research Community session.

Note 1 Industries

This Magic Quadrant addresses the capabilities of the included vendors in the following 27 industries:

- Aerospace and Defense
- Agriculture
- Automotive
- Banking
- Chemicals
- Consumer Products
- Defense and Security
- Engineering, Construction and Operations
- Healthcare (Providers)

- High Tech
- Higher Education and Research
- Industrial Machinery and Components
- Insurance
- Life Sciences
- Media
- Mill Products
- Mining
- Not-for-Profit
- Oil and Gas
- Professional Services
- Public Sector
- Retail
- Sports and Entertainment
- Telecommunications
- Travel and Transportation
- Utilities and Energy
- Wholesale Distribution

Note 2 SAP S/4HANA Resources in EMEA Countries or Subregions

In the process of collecting data from the included vendors, Gartner has requested detailed numbers for SAP S/4HANA service resources in the following EMEA countries or subregions:

- **Western Europe:**
  - Benelux — Combining Netherlands, Belgium and Luxembourg
  - France
  - Germany
  - Italy
  - Nordics — Combining Denmark, Norway, Sweden, Finland and Iceland
  - Spain

    - United Kingdom
    - Rest of Western Europe — Combining Austria, Greece, Ireland, Israel, Portugal and Switzerland
- **Eastern Europe:**
    - Poland
    - Romania
    - Rest of Eastern Europe — Combining Algeria, Azerbaijan, Belarus, Bulgaria, Croatia (Hrvatska), Czech Republic, Greece, Hungary, Kazakhstan, Lithuania, Russia, Serbia, Slovakia, Slovenia and Ukraine
- **Middle East:**
    - Middle East — Combining Bahrain, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates and Yemen
- **Africa:**
    - South Africa
    - Rest of Africa — Combining Cameroon, Cote d'Ivoire, Egypt, Kenya, Morocco, Nigeria and Tunisia

Note 3 SAP S/4HANA Resources in North American Countries

In the process of collecting data from the included vendors, Gartner has requested detailed numbers for SAP S/4HANA service resources in the following North American countries:

- United States
- Canada

Note 4 SAP S/4HANA Resources in Latin American Countries

In the process of collecting data from the included vendors, Gartner has requested detailed numbers for SAP S/4HANA service resources in the following Latin American countries:

- Argentina
- Brazil
- Chile
- Colombia
- Costa Rica
- Mexico
- Rest of Latin America

Note 5 SAP S/4HANA Resources in APAC Countries

In the process of collecting data from the included vendors, Gartner has requested detailed numbers for SAP S/4HANA service resources in the following APAC countries:

- Australia
- China
- India
- Philippines
- Singapore
- Vietnam
- Rest of APAC

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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