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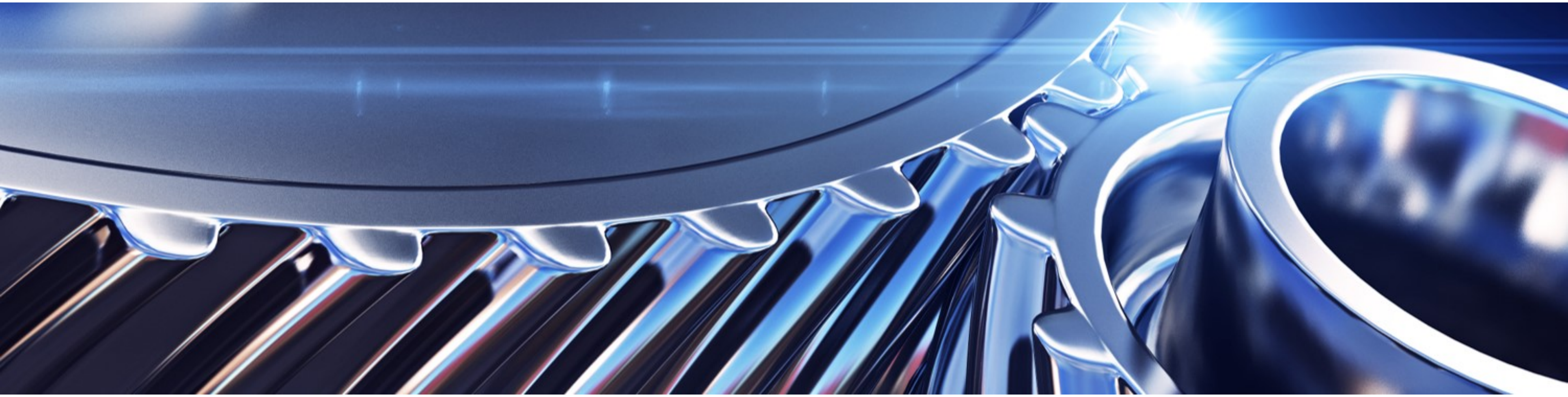

Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises

Engineering Services
Market Report – December 2019: Complimentary Abstract / Table of Contents

Our research offerings for global services

- ▶ Market Vista™
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

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Membership information

- This report is included in the following research program(s)
  – Engineering Services
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In addition to a suite of published research, a membership may include

- Accelerators™
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- Pinnacle Model™ reports
- PriceBook
- Virtual Roundtables
- Workshops

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Table of contents

Background and scope of the research

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- In today's world of a continuously evolving technology landscape and rapidly changing customer needs, engineering R&D activities are playing a significant role in ensuring that businesses stay competitive and relevant
- This research was conducted across eight verticals for enterprises featuring in the top 200 ER&D spend list, by factoring in their R&D spend growth trends and key investment areas over the last two years
- The report looks at the key themes that will continue to drive enterprise ER&D spend in the near future and provides a timeline of investments that enterprises have made over the previous year. The report also provides insights on ER&D spend intensity (ER&D spend as a percentage of revenue) for enterprises across verticals
- The focus of this research is only on business-financed ER&D spend. It excludes non-ER&D spend (e.g., clinical R&D expenditure in pharmaceuticals and biotechnology, and molecular development R&D expenditure in chemicals) as well as government-sponsored ER&D spend
- Enterprises that do not specifically report their R&D expenses in their annual reports have been excluded from this analysis. Enterprises cutting across these eight industries have been featured under the industry where the proportion of R&D spend is the highest

Scope of this report

- **Services:** Engineering services
- **Geography:** Global

Summary of key messages

1. Enterprises in the ER&D top 200 across eight verticals spent US$418 billion on R&D in 2018, and accounted for over 50% of the global business ER&D spend

2. While enterprises from the semiconductors and software products verticals had an average spend intensity of over 15%, telecom service providers and aerospace and defense enterprises were laggards, with less than 5% R&D spend intensity

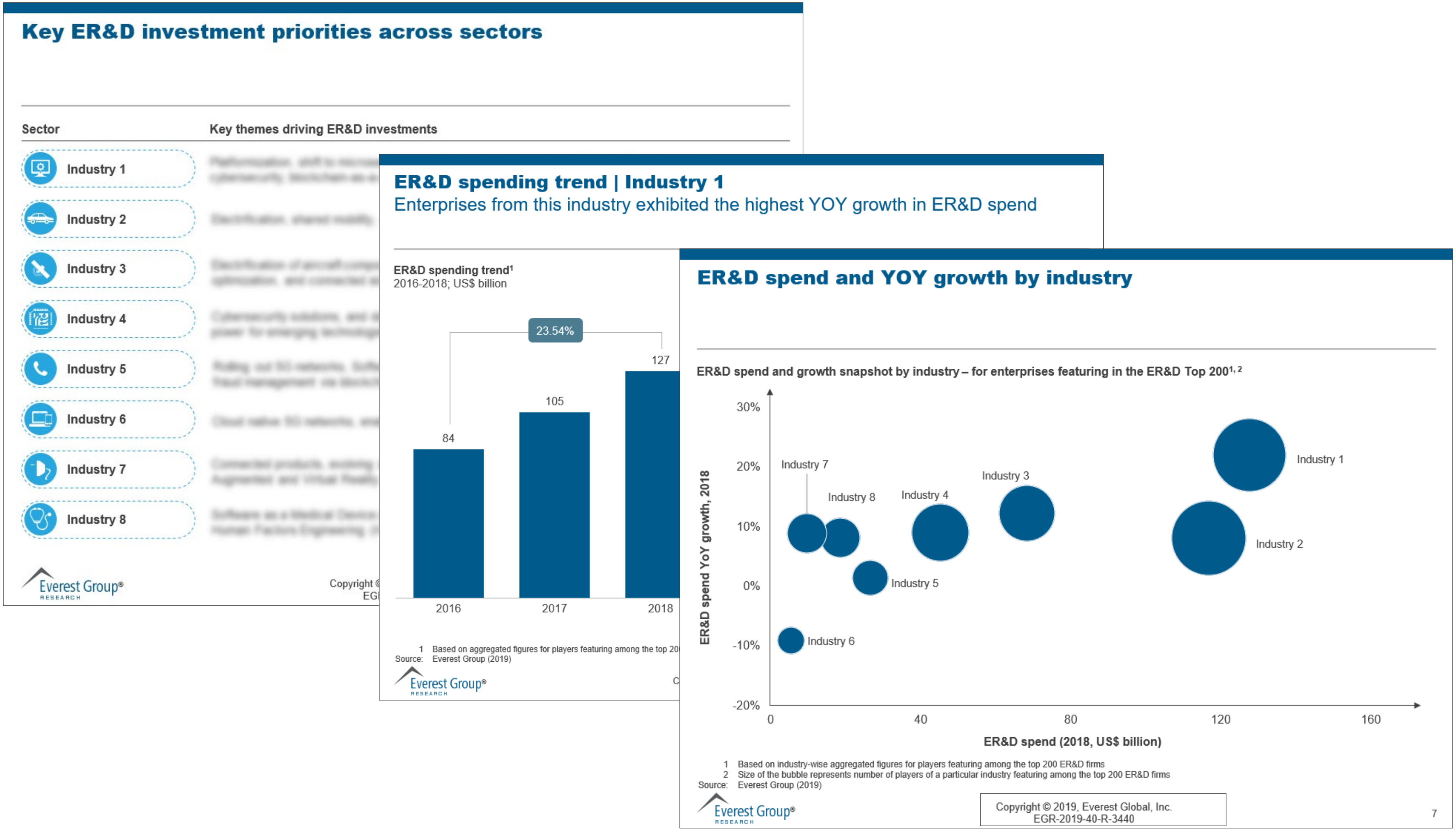
3. In 2018, software products emerged as the highest ER&D spending vertical, ahead of the automotive industry, which was the highest ER&D spender in 2017

4. Digital continues to be a key priority in engineering, with enterprises across industries adopting Artificial Intelligence (AI), Machine Learning (ML) and the Internet of Things (IoT) in products and implementing blockchain-led security solutions

5. Enterprises are evolving their engineering processes by adopting approaches such as DevOps, Low Code and No Code for rapid innovation and product development

6. The relevance of service providers has increased due to the challenges enterprises face around talent and new technology adoption. Service providers need to invest in infrastructure and partner with enterprises to help them innovate and remain relevant in the market

This report includes ER&D spend analysis along with insights on key investment priorities for enterprises across eight key industries



Research calendar – Engineering Services (ES)

Published | Planned | Current release

Flagship Engineering Services reports	Release date
Software Product Engineering Services PEAK Matrix™ Assessment 2019: Engineering for the Digital World	August 2019
Automotive Engineering Services PEAK Matrix™ Assessment 2019: Convergence of Mobility and Digital	September 2019
Internet of Things Technology Services PEAK Matrix™ Assessment 2019	Q1 2020
Verification and Validation Services PEAK Matrix™ Assessment 2019	Q1 2020

Thematic Engineering Services reports	
The Imminent Wave of Consolidation in Industrial Internet of Things (IIoT) Platforms	March 2019
Engineering Services - Top 50	July 2019
Global Technology Centers (GTCs) in India: Software Products Enterprises' Solution to DIY	July 2019
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises	**December 2019**
SDX – The Only Singularity in the World of Digital	Q1 2020

Note: For a list of all of our published ES reports, please refer to our website page

Additional ES research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

1. **Automotive Engineering Services PEAK Matrix™ Assessment 2019: Convergence of Mobility and Digital** (EGR-2019-40-R-3350); 2019. This report comprises an analysis of the capabilities of 22 leading engineering service providers in the automotive vertical. These providers are mapped on the Everest Group PEAK Matrix. The report also focuses on key automotive engineering services market trends

2. **Software Product Engineering Services PEAK Matrix™ Assessment: Engineering for the Digital World** (EGR-2019-40-R-3305); 2019. This report presents fact-based trends impacting the software product engineering services market, along with the assessment and detailed profiles of 25 software product engineering service providers featured on the software product engineering services PEAK Matrix

For more information on this and other research published by Everest Group, please contact us:

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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