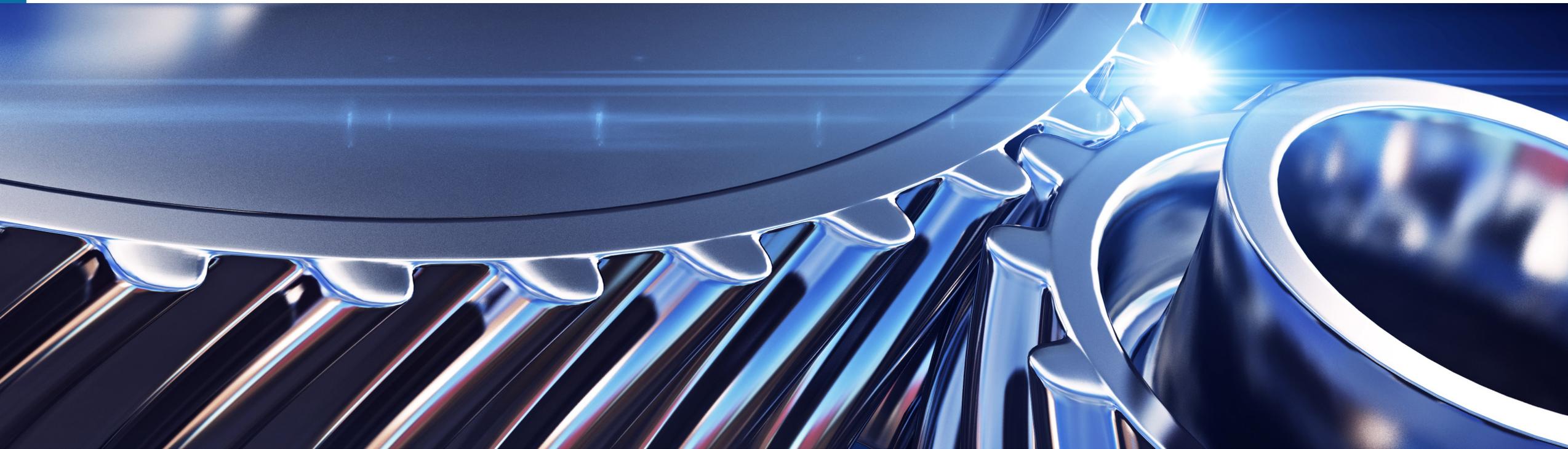


Reaching New Frontiers in Experience-centricity and Resilience – Software Product Engineering Services State of the Market Report 2021

September 2021: Complimentary Abstract / Table of Contents



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Akshat Vaid, Vice President

Nishant Udupa, Senior Analyst

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Background and introduction of the research

- The proliferation of software into products, platforms, and processes across all domains has helped unlock new horizons of experience-centricity. Today, software products and platforms are experiencing constant evolution, as a result of which enterprises are facing a multitude of challenges such as:
 - Ensuring speed-to-market and differentiation, with user-experience-centered software products
 - Keeping pace with ever-evolving software product development processes as well as changing customer expectations and demand
 - Leveraging data to generate new revenue streams and drive efficiencies in software product engineering
 - Developing robust products that are resilient against external vulnerabilities and cybersecurity threats
- These challenges have fueled the need to establish a compelling ecosystem of partners, and engineering service providers are actively enhancing their capabilities and offerings to help enterprises tackle these challenges in their software product engineering journey toward creating experience-centric, secure, and resilient next-generation software products
- This report examines the dynamics of global software product engineering services trends prevalent among leading service providers, and includes an overview of the software product engineering market, an in-depth view of outsourcing in this space, and the emerging trends in the market

Scope of this report:



Geography
Global



Industry
Market activity and investments of leading engineering service providers and enterprises in software product engineering



Services
Engineering services

Overview and abbreviated summary of key messages

This report presents a comprehensive analysis of the software product engineering services market covering overall market size and growth, and key market trends across talent, technology, processes, and operating model. The report also includes a view on key strategies being deployed by service providers to achieve growth in this rapidly growing market.

Some of the findings in this report, among others, are:

Market overview and emerging trends

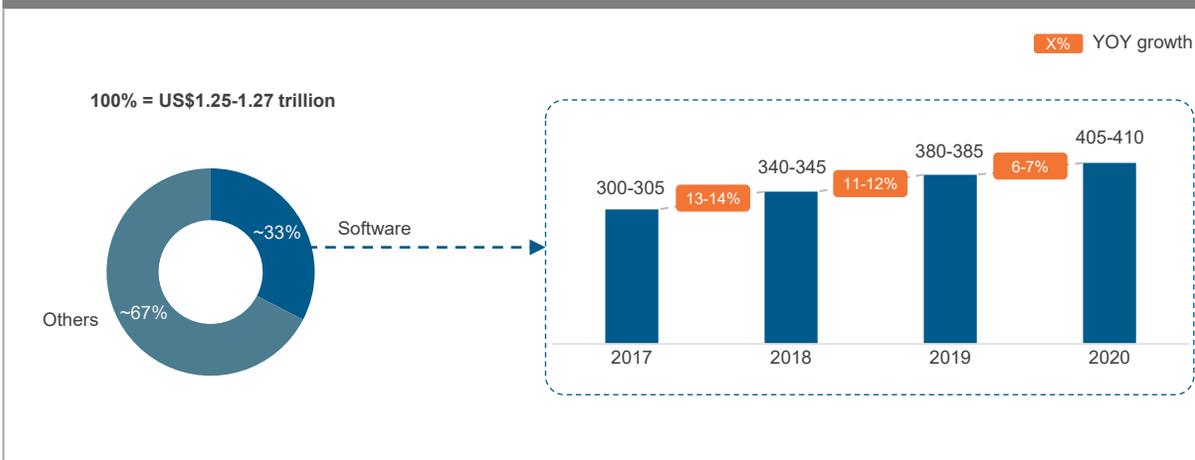
- Overall enterprise spend for software product engineering has been growing at a robust pace, reaching ~US\$410 billion in 2020
- The supply crunch in the software engineering talent market is leading to a price war and a shift toward nearshore locations for talent sourcing
- Enterprises are adopting low-code/no-code technologies and moving toward more nuanced forms of DevOps (such as DevSecOps) to accelerate time-to-market and give greater emphasis to product security
- Cloud engineering has emerged as the biggest spend area for enterprises, with more activity around cloud-native engineering, platformization, carve-outs of legacy products, and verticalized solutions
- The uncertainties brought about by the pandemic are forcing organizations to rethink their operating model and shift toward a more distributed agile delivery model

Outsourcing landscape

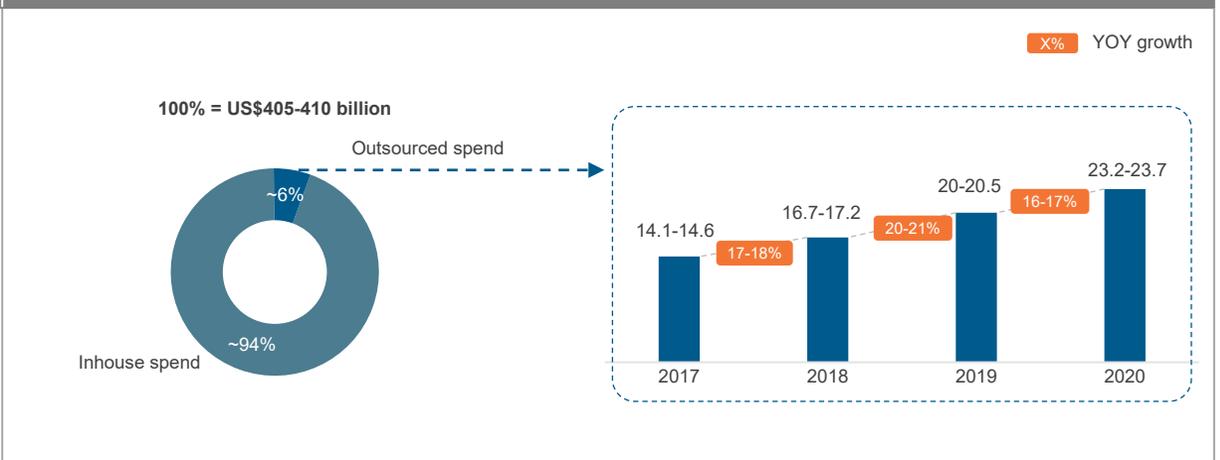
- The software product engineering services market has grown at a rate of 16% over the past year, to reach ~US\$23.5 billion, which is 5.7% of the overall enterprise spend
- The hi-tech verticals continue to hold a large share of the services market, while the geography split reveals North America to be the largest location
- Although the Time and Material (T&M) model continues to be the most prominent pricing model, there has been a slight increase in the use of outcome-linked and other non-traditional pricing models over the past couple of years
- Concerns around costs are leading enterprises to remodel their existing vendor relationships for more strategic leverage
- Service providers are investing in partnerships with hyperscalers, development of proprietary IPs, acquisitions, and building capabilities in digital technologies to achieve growth in the software product engineering services market

This study offers two distinct chapters providing a deep dive into key aspects of the software product engineering market; below are four charts to illustrate the depth of the report

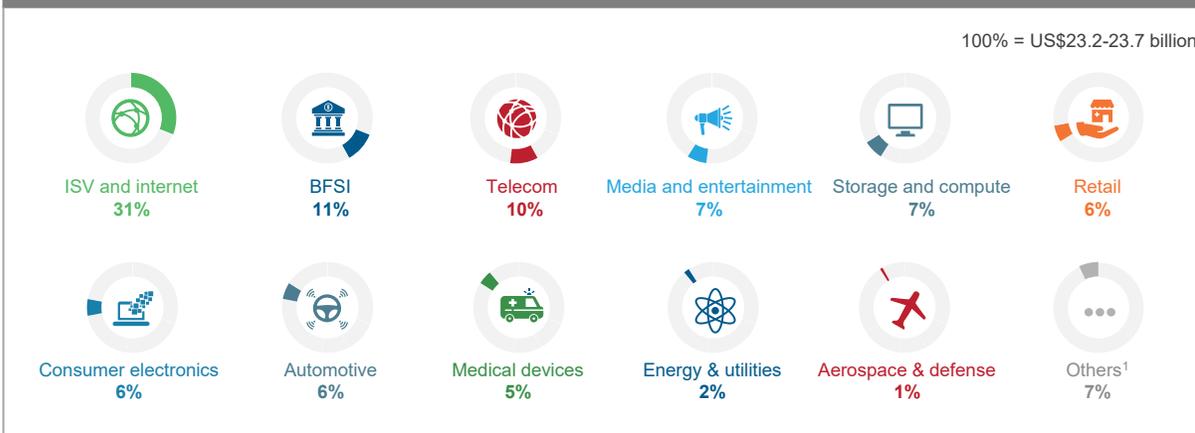
Overall enterprise spending and growth on software product engineering



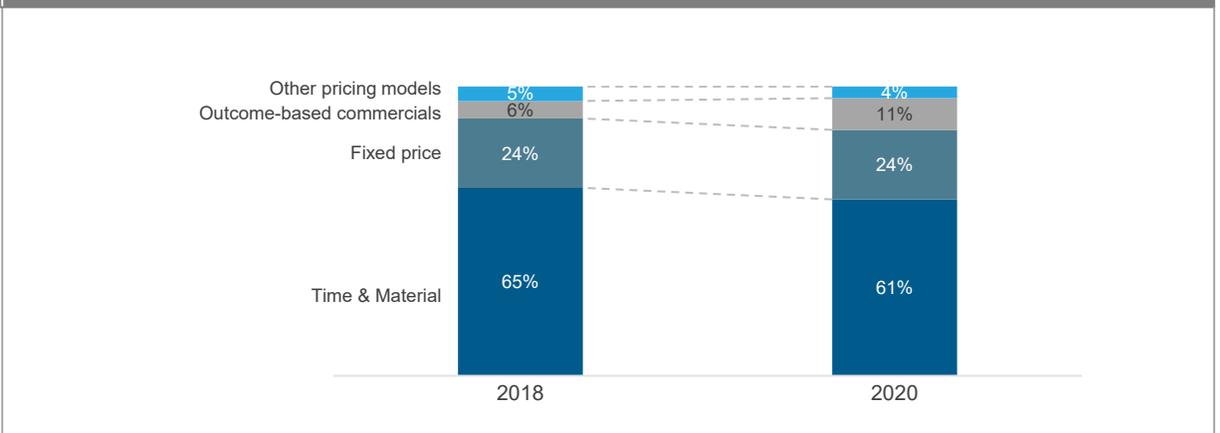
Software product engineering services market size and growth



Software product engineering outsourcing by industry



Software product engineering services – prominent pricing models



Research calendar

Engineering services

■ Published
 ■ Planned
 ■ Current release

Flagship reports

	Release date
Reaching New Frontiers in Experience-centricity and Resilience: Software Product Engineering Services PEAK Matrix® Assessment 2021	March 2021
Semiconductor Engineering Services PEAK Matrix® Assessment 2021: Enabling the Hyper-connected Intelligent World	March 2021
A Transformational Leap in Cyber-physical Convergence – Industry 4.0 State of the Market Report 2021	April 2021
Exploring the Future of Mobility: Autonomous, Connected, Electric, and Shared (ACES) Mobility Automotive Engineering Services PEAK Matrix® Assessment 2021	August 2021
5G Engineering Services PEAK Matrix® Assessment 2021	September 2021
Reaching New Frontiers in Experience-centricity and Resilience – Software Product Engineering Services State of the Market Report 2021	September 2021
Digital Engineering Services PEAK Matrix® Assessment 2021	Q4 2021

Thematic reports

	Release date
Engineering R&D (ER&D) in 2021	February 2021
Digital Twins and their Adoption Across Industries	February 2021
The Role of Global Business Service (GBS) Organizations in the Automotive Industry: What Lies Ahead?	March 2021
Engineering Services Enterprise Pulse: Are Engineering Enterprises Truly Happy with Their Service Providers?	April 2021
Engineering Services Top 50	June 2021
Extended Reality and its Application Across Industries	August 2021
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises 2021	September 2021
Trailblazers: Cloud Engineering Service Providers	Q4 2021
Engineering Services Talent Handbook – APAC	Q4 2021

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Blog

everestgrp.com/blog

Dallas (Headquarters)

info@everestgrp.com

+1-214-451-3000

Bangalore

india@everestgrp.com

+91-80-61463500

Delhi

india@everestgrp.com

+91-124-496-1000

London

unitedkingdom@everestgrp.com

+44-207-129-1318

Toronto

canada@everestgrp.com

+1-647-557-3475

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