

Software Product Engineering Services – Market Trends and Services PEAK Matrix™ Assessment: Adapting to the New Normal

Engineering Services (ES)

Market Report – December 2017: 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

▶ Application Services

▶ BPS | Banking Financial Services

▶ BPS | Healthcare & Life Sciences

▶ BPS | Insurance

▶ Catalyst™

▶ Cloud & Infrastructure

▶ Contact Center

▶ Digital Services

▶ Engineering Services

▶ Finance & Accounting

▶ Human Resources

▶ ITS | BFSI*

▶ ITS | Healthcare & Life Sciences

▶ IT Services Forecaster™

▶ Locations Insider™

▶ PricePoint™

▶ Procurement

▶ Recruitment & Talent Acquisition

▶ Service Optimization Technologies

▶ Transaction Intelligence

Subscription information

- This report is included in the following subscription(s)
 - **Engineering Services (ES)**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**

* Banking, financial services, and insurance

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
- Others | Market intelligence, service provider capabilities, technologies, contract assessment



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com



Delhi Office

Office: +91-124-284-1000

india@everestgrp.com

Table of contents (page 1 of 2)

Topic	Page no.
Introduction and overview	5
Section I: Software product engineering services market trends	10
Section II: PEAK Matrix for software product engineering services	25
Section III: Profiles of software product engineering service providers	37
• Altran	38
• Aricent	40
• Cognizant	42
• Cybage	44
• EPAM	46
• GlobalLogic	48
• Happiest Minds	50
• HCL Technologies	52
• Hughes Systique	54
• Infosys	56
• Luxoft	58
• Mphasis	60
• QuEST Global	62
• RapidValue Solutions	64
• Sigma Software	66
• Tata Elxsi	68
• TCS	70

Table of contents (page 2 of 2)

Topic	Page no.
• Tech Mahindra	72
Appendix	74
• Glossary of key terms	75
• Engineering services research calendar	76
• References	77

Background, scope, and methodology of the research

Background of the research

The global technology landscape is evolving with the advent of new technology themes, evolution of software development practices, and the increasing focus on consumer-centric solutions. In this era of “software-defined”, software is gaining precedence for both technology vendors and enterprises to create a differentiated value proposition in the market. At the same time, factors such as increasing architectural complexity, the need to develop more intuitive software and user interfaces, and in some cases, dearth of suitable in-house talent, pose challenges for them in maintaining and expanding their software portfolio.

This is compelling software vendors and enterprises to collaborate with service providers who can not only help them traverse these challenges in software development but also accelerate the time-to-market and lower costs. Service providers, particularly IT-heritage service providers, also view this space as a high-growth adjacency as the growth in traditional IT engagements slows down.

In this report, we analyze the capabilities of 18 software product engineering service providers. These service providers are mapped on the Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix, which is a composite index of a range of distinct metrics related to a service provider’s vision & capability and market impact.

We focus on:

- Software product engineering services market trends
- Service provider landscape for software product engineering services
- Assessment of service providers on a number of capability-related dimensions

Scope of this report

- **Services:** Software product engineering services
- **Geography:** Global
- **Service providers:** 18 leading software product engineering service providers

Methodology: The assessment is based on Everest Group’s annual RFI process concluded over Q2 and Q3 2017, interactions with leading software product engineering service providers, and analysis of the marketplace.

Overview and abbreviated summary of key messages (page 1 of 2)

This report provides a comprehensive assessment of the software product engineering services market and maps the leading service providers on Everest Group's PEAK Matrix. It also includes detailed profiles of featured service providers.

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

Market growth

- Software products is among the leading engineering segments witnessing significant traction in terms of global sourcing across Global In-house Centers (GICs) and service providers
- Global sourcing in this segment will witness an annual growth of ~16-18%, as both ISVs and enterprises look to upgrade their software products in the wake of next-generation themes disrupting this space

Market trends

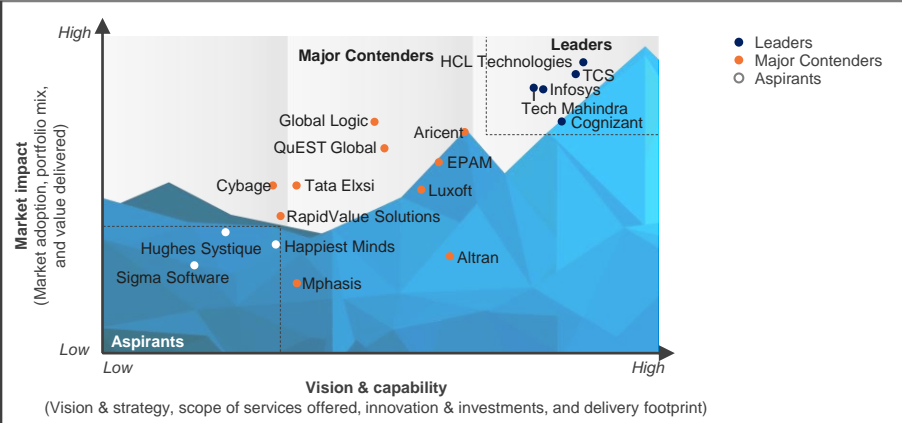
- **Software Defined Everything (SDx):** SDx has led to blurring of traditional boundaries in the technology ecosystem and brings new opportunities for service providers to collaborate with technology vendors
- **Smart products:** There is increasing focus on building software products that go beyond performing set tasks and are capable of using their inherent intelligence to assist users dynamically. Enterprises and service providers need to identify suitable opportunities where inherent intelligence of software products can create a meaningful impact for customers
- **Convergence of physical and digital:** As technology moves away from being a distant element and blends into human life and surroundings, enterprises need to reimagine their product development strategies
- **Platformization:** Moving from technology products to platforms is enabling enterprises to redefine their business models and to reap a host of other benefits

PEAK Matrix for software product engineering services

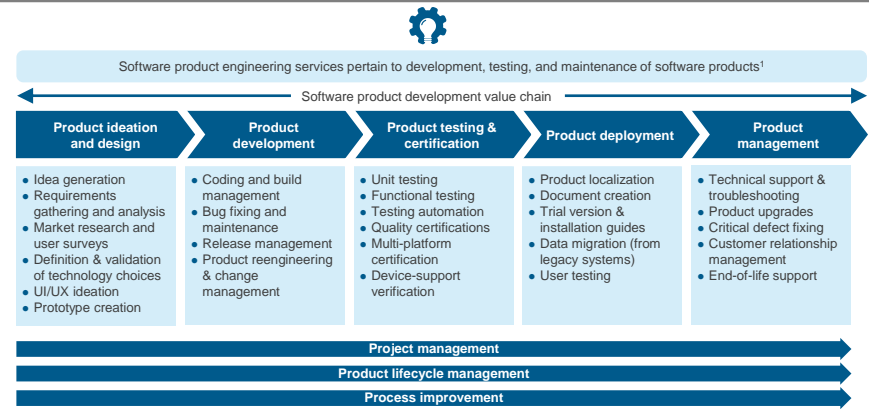
- Analysis of the service provider landscape for software product engineering services, leveraging Everest Group's PEAK Matrix, highlights the following categories of service providers:
 - **Leaders:** Cognizant, HCL Technologies, Infosys, TCS, and Tech Mahindra
 - **Major Contenders:** Altran, Aricent, Cybage, EPAM, GlobalLogic, Luxoft, Mphasis, QuEST Global, RapidValue Solutions, and Tata Elxsi
 - **Aspirants:** Happiest Minds, Hughes Systique, and Sigma Software
- The Leaders are characterized by their ability to offer large-scale software product engineering engagements leveraging their strong project management capabilities and widespread delivery footprint
- The Major Contenders have built meaningful capabilities to deliver software product engineering services. However, their service portfolio is not as extensive as that of Leaders (in terms of presence across the product development value chain, proprietary assets, or delivery capability)
- The Aspirants exhibit strong capabilities in delivering services for specific niches within software product engineering

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

Everest Group PEAK Matrix™ for Software Product Engineering Services



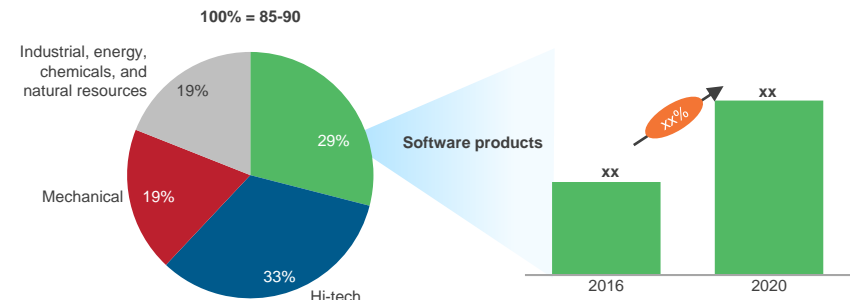
Software product engineering value chain



Enterprise DevOps adoption – Key challenges

- How to scale DevOps across the enterprise?
- Can we resolve the development vs. operations conundrum?
- How to bring about cultural change? How to ensure its continuance?
- How to measure the success of DevOps pilot projects?
- What is the impact of legacy environment upheaval?

Software product engineering global sourcing – Growth forecast



Source: Everest Group (2017)

This report includes 18 service provider profiles detailing their software product engineering services vision, scale and scope of operations, key solutions, and partnerships

XYZ | Software product engineering services (page 1 of 2)

Overview

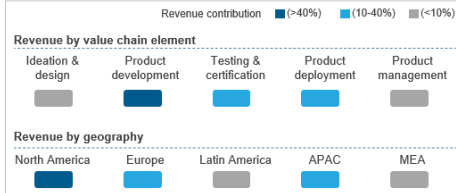
Vision & strategy: XYZ set up a dedicated practice for software engineering and Internet services to diversify beyond core areas. One key way in which XYZ assists software clients is end-to-end ownership and sustenance engineering of their legacy products. It aims to scale up its software engineering talent and capabilities in areas such as cloud engineering, security, and analytics, while also building assets for DevOps.

Strengths

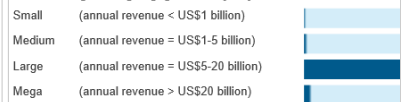
- Capabilities to support clients in end-to-end product development journey
- Robust double-digit growth in software product engineering revenue, primarily through organic efforts
- Capabilities in product strategy and customer experience design through ABC, a design firm

Areas of improvement

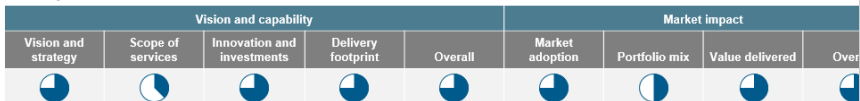
- Needs to undertake initiatives for transforming its market perception; XYZ is viewed as an engineering service provider only for core areas
- Needs to channelize more internal efforts toward building vertical-agnostic assets and solutions in accordance with its diversification strategy



Software engineering engagements by buyer size



Summary of PEAK Matrix assessment



Source: Everest Group (2017)



Proprietary & Confidential. © 2017, Everest Global, Inc.

XYZ | Software product engineering services (page 2 of 2)

Offerings and investments

NOT EXHAUSTIVE

Proprietary solutions (representative list)

Solution	Details
XXXX	A solution comprising automated virtual test environments creation with virtual tools and network functions that can be deployed in-house or in cloud
XXXX	A Customer Experience Management (CEM) solution that enables in-service monitoring of mobile devices via an installed app that collects device-specific data and forwards to the centralized CEM solution
XXXX	A framework for validating OpenStack environment by performing functional and integration testing against all OpenStack components
XXXX	A cloud-based remote testing platform that facilitates testing a mobile application on multiple mobile operating systems, physical devices, and form factors remotely
XXXX	A platform that enables automated deployment of software releases to multiple test environments. Other features include creation of metadata for application and deployment environment, and customizability based on user requirements
XXXX	A test automation framework spanning network testing, cloud applications testing, and web testing. It allows teams to write test cases in English, eliminating the need to have knowledge of underlying test tools and associated scripting methods

Partnerships (representative list)

Partner name	Details
YYYY	XYZ is a Silver application development competency partner in the MS Partner Network
YYYY	XYZ and YYYY have developed a joint solution; this solution is leveraged by customers to monitor key metrics
YYYY	A ten-year strategic partnership to develop technologies and digital solutions for the cloud product line
YYYY	XYZ has entered into alliances with multiple analytics ecosystem providers to enhance its capabilities in developing big data and analytics products

Recent activities (representative list)

Development	Details
Launch of ABC services	In 2017, XYZ launched cognitive services to offer Artificial Intelligence (AI) in product design and development

Source: Everest Group (2017)



Proprietary & Confidential. © 2017, Everest Global, Inc.

Research calendar – Engineering Services (ES)

Published
 Planned
 Current release

Flagship engineering services reports Release date

The Evolving Demand Paradigm in the Engineering and Research and Development (ER&D) Services Industry ...	October 2016
Top 20 Automotive Trailblazers: The Value Chain Disruptors	October 2017
Software Product Engineering Services – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017: Adapting to the New Normal	December 2017
Startups in Software Product Engineering – The DevOps enablers	Q4 2017
Automotive Engineering Services – Service Provider Landscape with PEAK Matrix™ Assessment 2017.....	Q4 2017

Thematic engineering services reports

Innovation Beyond Borders – Global Talent Hotspots for Engineering Services and Research & Development (ER&D)	August 2016
In Pursuit of Product Excellence: Quality Management in the Engineering Services Industry	May 2017
Identifying the Right Partners for Quality Management in the Engineering Services Industry – Service Provider Landscape	May 2017
Designing Products in the age of Human-Machine Nexus for the Global Connected Ecosystem	June 2017
Talent Landscape in the GIC Automotive Engineering Market in India	July 2017

Note: For a list of all Engineering Services (ES) reports published by us, please refer to our [website page](#)



Additional research references

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

- 1. Designing Products in the age of Human-Machine Nexus for the Global Connected Ecosystem**
([EGR-2017-15-R-2231](#)); 2017. This report explores the ecosystem-centered design thinking approach, and delves into its constituents, the underlying principles, and the impact on businesses. It also covers some of the current and prospective examples for ecosystem-based design thinking, and discusses the challenges that enterprises need to overcome for successfully implementing this approach.
- 2. In Pursuit of Product Excellence: Quality Management in the Engineering Services Industry**
([EGR-2017-0-R-2181](#)); 2017. This report provides a detailed analysis of quality management activities in the engineering services industry. It covers market landscape of quality management services and focuses on the central idea of how digital technology themes are reshaping the way enterprises look at their product quality management efforts in the engineering services industry.
- 3. The Evolving Demand Paradigm in the Engineering and Research and Development (ER&D) Services Industry**
([EGR-2016-0-R-1977](#)); 2016. This report provides an overview of the ER&D services industry. It covers demand trends in the ER&D services industry across different industry verticals and global sourcing trends across major ER&D segments

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

H Karthik, Partner:

h.karthik@everestgrp.com

Chirajeet Sengupta, Partner:

chirajeet.sengupta@everestgrp.com

Ronak Doshi, Practice Director:

ronak.doshi@everestgrp.com

Abhishek Gupta, Senior Analyst:

abhishek.gupta@everestgrp.com

Mayank Maria, Senior Analyst:

mayank.maria@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



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.

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

Stay connected

Website



www.everestgrp.com

Social Media



@EverestGroup



@Everest Group

Blog

[Sherpas In Blue Shirts](http://www.sherpasinblueshirts.com)

www.sherpasinblueshirts.com