



How to Innovate – A Comprehensive Guide to Innovation in Application Services

Application Services

Market Report – March 2017– Preview Deck

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* Banking, financial services, and insurance

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Background of the research

Background of the research

- Innovation in AS is considered to be an abstract and an unclear concept. However, given the changing dynamics of the global services industry, senior enterprise executives feel compelled to quantify what innovation means, how to run it, and how to calculate the Return on Investment (ROI) on innovation
- To help enterprise executives accomplish the above objective, Everest Group conducted a focused market research with over 100 senior AS executives (including CXOs) in North America in the later part of 2016.
- The following document represents the detailed analysis of the enterprise perception of innovation in AS and provides a unique framework for enterprises to base their innovation strategy on. Using its proprietary innovation framework, Everest Group assessed the relative importance of different enablers of innovation, based on the enterprise perception

Scope of this report

- **Topic:** Enterprise perception of innovation in application services
- **Geography:** North America
- **Service providers:** 13 leading application service providers

This report includes the profiles of the following 13 service providers on the application services assessment:

Accenture, Atos, Capgemini, CSC, CGI, Cognizant, Deloitte, HCL Technologies, Infosys, IBM, Tech Mahindra, and Wipro

This report has 13 service provider profiles, covering enterprise perception of their approach, outcome, strategic objectives, and challenges for innovation

Service providers' evaluation on innovation approach

Enterprise preference on innovation

Degree of preference: ■■■ High ■■ Medium ■■ Low

Extent of innovation ¹	Innovation approach	Service provider A	Service provider B	Service provider C
Strategic ↑	Continuous innovation	■ ■ ■	■ ■ ■	■ ■ ■
	Demonstration	■ ■ ■	■ ■ ■	■ ■ ■
	Prototyping	■ ■ ■	■ ■ ■	■ ■ ■
	Offerings-oriented innovation	■ ■ ■	■ ■ ■	■ ■ ■
	Formal innovation program	■ ■ ■	■ ■ ■	■ ■ ■
	Peer networking	■ ■ ■	■ ■ ■	■ ■ ■
	Sharing industry best practices	■ ■ ■	■ ■ ■	■ ■ ■
	Partnerships with startups ecosystem	■ ■ ■	■ ■ ■	■ ■ ■
	Ideation workshops	■ ■ ■	■ ■ ■	■ ■ ■
	Crowdsourcing of innovation	■ ■ ■	■ ■ ■	■ ■ ■
Tactical ↓	Innovation days/events	■ ■ ■	■ ■ ■	■ ■ ■
	Formal business review with vendors	■ ■ ■	■ ■ ■	■ ■ ■
	Idea of the month	■ ■ ■	■ ■ ■	■ ■ ■

Service providers' evaluation on innovation outcomes

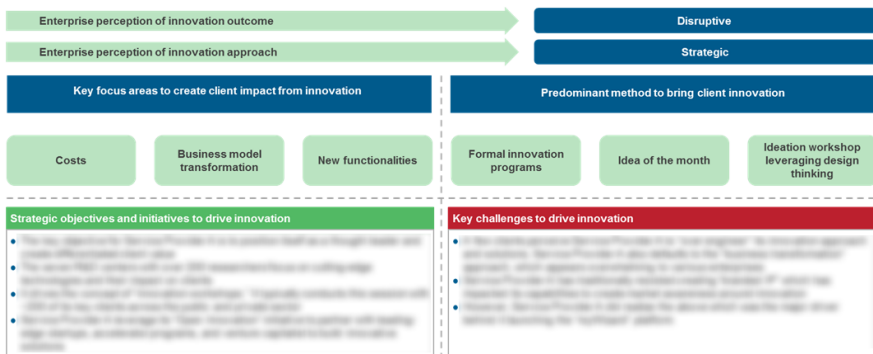
Enterprise preference on innovation

Degree of preference: ■■■ High ■■ Medium ■■ Low

Extent of innovation ¹	Innovation outcome	Service provider A	Service provider B	Service provider C	Service provider D	Service provider E	Service provider F
Disruptive ↑	Business model transformation	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Better functionality	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Better user experience	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Speed	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Cost	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Business alignment	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	New functionality	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Incremental enhancement	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
	Disruptive ideas	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■	■ ■ ■
Incremental ↓							

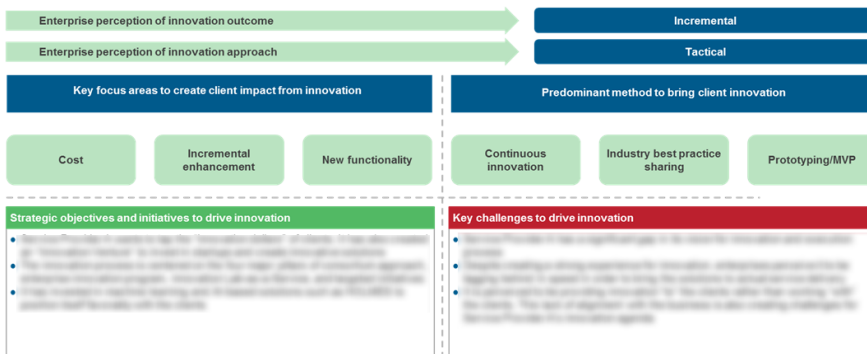
Service provider's detailed profile #1

Service Provider A believes in being close to the clients by driving formal innovation programs and workshops. Moreover, its investments in seven R&D centers and several startups assist in developing custom solutions for clients. The key for Service Provider A is to not to default to a business transformation agenda which many clients perceive to be self-serving.



Service provider's detailed profile #2

Service Provider A has a significant focus on investing in startups to build newer solutions for clients. However, such initiatives have not materially changed clients' perception. It aspires to corner a lion's share of the innovation budget of clients, but will have to align its agenda to the business needs to execute this strategy



Source: Everest Group (2017)

Application services research calendar

Published Current

Topic	Release date
SaaS Implementation Services – Market Trends and PEAK Matrix™ Assessment & Profiles Compendium	April 2016
CSC-HPE Services Merger	May 2016
Application Services – Annual Report 2016: “No DevOps No Digital”	May 2016
Independent Testing Services – Market Trends and PEAK Matrix™ Assessment & Profiles Compendium	June 2016
IT Application Services Automation: Think Benefits, Not Costs	November 2016
Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?	January 2017
Upcoming Contract Renewals – Application Services: “Buyers: To Replace Or To Renew?”	February 2017
How to Innovate – A Comprehensive Guide to Innovation in Application Services	March 2017
Application Services – Annual Report 2017	Q1 2017
IT Automation in Application Services – PEAK Matrix™ Assessment for Products/Solutions	Q2 2017
Workday implementation PEAK Matrix Assessment and Market Update	Q2 2017
Independent Testing Services – PEAK Matrix™ Assessment and Market Update	Q2 2017

Additional research references

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

1. **Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?:** ([EGR-2017-4-R-2077](#)); 2017. Insights from our research reveal that almost 50% of the enterprises are dissatisfied with their service providers, whose average performance score as strategic partners is merely 5 on 10. Whereas service providers meet the technical requirements stated in the agreement, in reality, they seldom meet customer expectations on the softer engagement aspects. The enormous gap between the stated and the unstated expectations leaves the majority of customers discontented with their service providers
2. **IT Application Services Automation: Think Benefits, Not Costs:** ([EGR-2016-4-R-1998](#)); 2016. In this era of digitalization, enterprises need to be agile in order to deliver innovative products and services to their customers. As they look for new ways to reduce costs and improve productivity, they are leveraging emerging concepts such as automation and cognitive intelligence. These concepts, though not entirely new, are gaining traction in the context of application services as enterprises look beyond their traditional lever of labor arbitrage for cost reduction
3. **Contract Renewal Database** ([EGR-2014-4-D-1090](#)); 2014. The database of Contract Renewals includes data specific to deals nearing end-of-term, and provides rich information designed to help audiences take advantage of a better informed sales planning

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About Everest Group

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