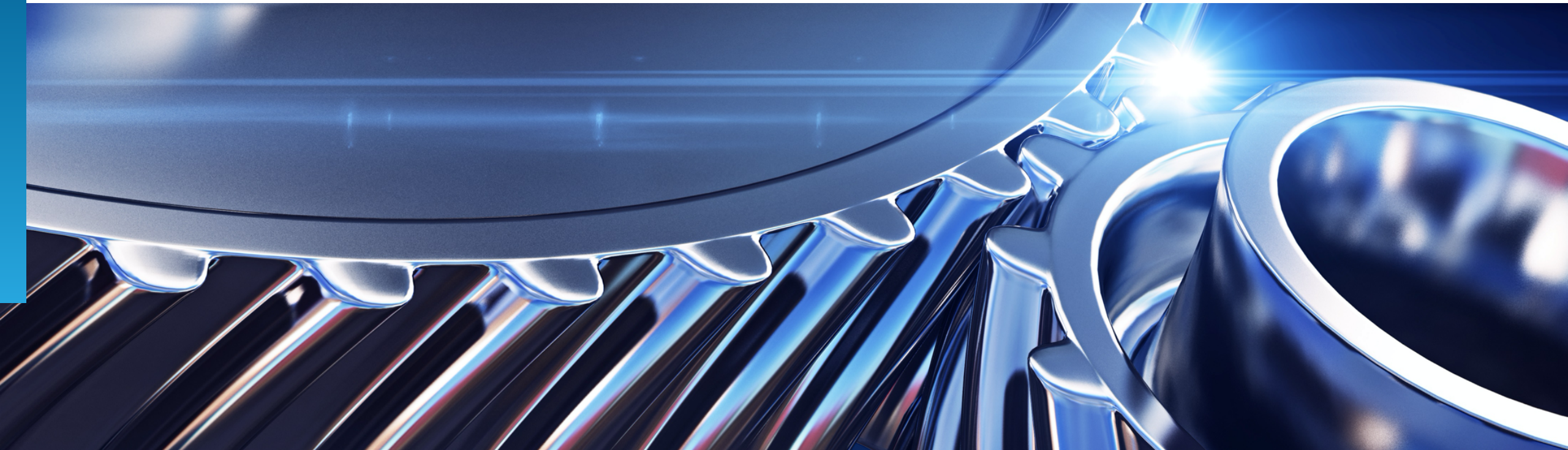**Everest Group® RESEARCH**

Engineering Services Enterprise Pulse: Are Engineering Enterprises Truly Happy with Their Service Providers?

April 2021: Complimentary Abstract / Table of Contents

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▶ **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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More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
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- Data cuts
- Pinnacle Model® reports
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- 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

Contents

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

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Background of the research

- The integration of digital features and technologies in products – hardware, software, and network – is making products highly interconnected and intelligent. Engineering enterprises are having to focus on constant innovation and Research and Development (R&D) to cater to growing customer demand for such products

- Engineering service providers have developed a wide and comprehensive range of offerings to become indispensable in product value chains by playing a critical role in filling capability gaps, augmenting staff, reducing time-to-market, and supporting new product development for these enterprises

- Everest Group, therefore, believes that it is imperative to understand the true picture around enterprises' experience in working with service providers

- In this research, we present a summary of various enterprises' views regarding the capabilities of service providers they engage across software product engineering, Industry 4.0 engineering, semiconductor engineering, and Verification and Validation (V&V) engineering services

- The assessment is based on 134 unique interviews, conducted in 2020, with enterprises globally across industries such as telecom, semiconductors, medical devices, and energy. These enterprises were nominated as reference clients by different service providers across multiple PEAK Matrix® evaluations of Everest Group

Scope of this report:

Geography	**Buyer references**	**Services**	**Service providers**
Global	134 unique customer references	Software product engineering, Industry 4.0 engineering, semiconductor engineering, and Verification and Validation (V&V) engineering services	32 engineering service providers

Research methodology | enterprise pulse study

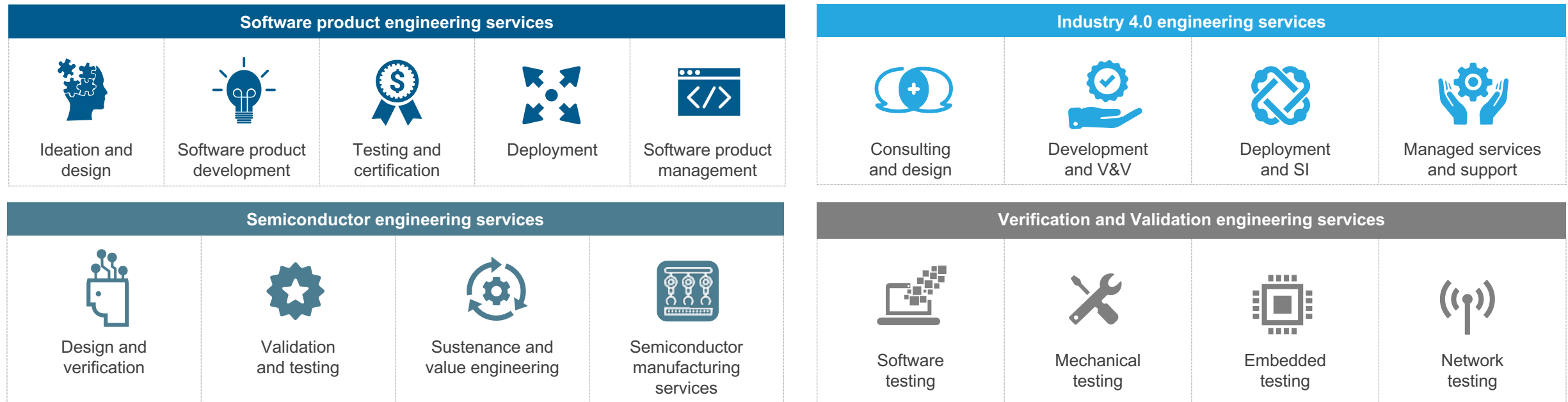| Enterprise reach-out	Data synthesis and analysis	Data collection
Conducted 134 enterprise interviews in 2020 as part of PEAK Matrix® assessments across engineering services spanning multiple industries and geographies. The references were shared by the service providers assessed in this report	Assessed performance themes, conducted gap analysis, and analyzed the future market potential for service providers across different engineering domains (software product engineering, Industry 4.0 engineering, semiconductor engineering, and V&V engineering services)	Structured interview[1] (~15 questions) with each enterprise, capturing quantitative and qualitative insights across their technology priorities, outsourcing strategies, and perception about service providers

We conducted interviews[1] with enterprises that were nominated by service providers as a "reference check" for our various PEAK Matrix® assessment research projects. Each enterprise was asked multiple questions including their experience of working with the specific service provider.

1   Please refer to the Appendix for more details around the questionnaire discussed with enterprises

Coverage of services

Coverage of domains in the report

Software product engineering services				
Ideation and design	Software product development	Testing and certification	Deployment	Software product management

Industry 4.0 engineering services			
Consulting and design	Development and V&V	Deployment and SI	Managed services and support

Semiconductor engineering services			
Design and verification	Validation and testing	Sustenance and value engineering	Semiconductor manufacturing services

Verification and Validation engineering services			
Software testing	Mechanical testing	Embedded testing	Network testing

- The report presents consolidated results from interviews with enterprises across software product engineering, verification and validation engineering, semiconductor engineering, and Industry 4.0 engineering services
- The enterprises interviewed consumed one or more of the services mentioned above from their service provider, who nominated the enterprise as a reference client for Everest Group PEAK Matrix® assessment research

Executive summary

Nearly 60% of the reference customers interviewed indicated that they were satisfied with their engineering vendors. Satisfaction scores were higher for pure-play engineering vendors.

Quality of talent (domain and technical expertise), costs, and the service provider being able to demonstrate prior experience of similar services were cited as the most common factors that led to the onboarding of vendors
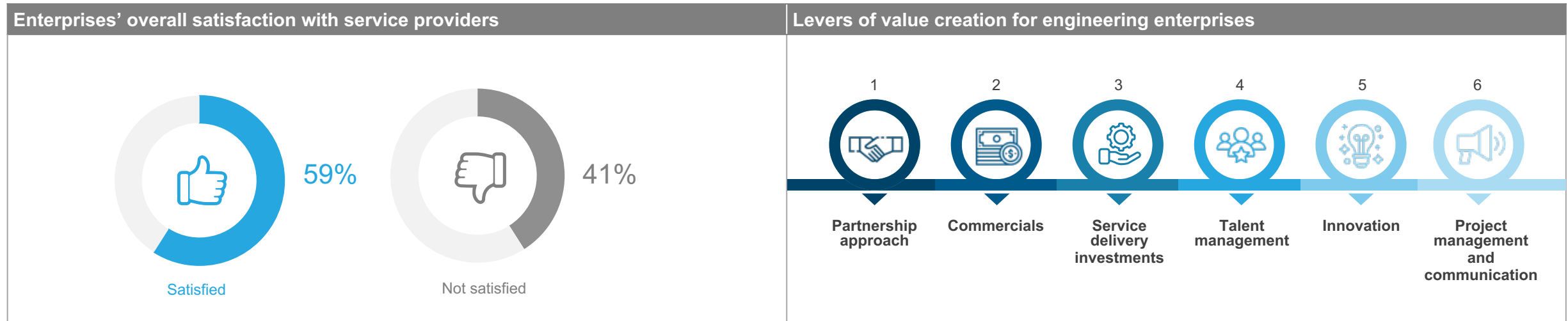
Satisfaction scores were found to be higher for software product and V&V engineering services. Services involving a higher component of embedded and mechanical engineering (semiconductor and Industry 4.0 engineering services) across the product value chain generated lower satisfaction scores.

Across the assessment parameters, enterprises rated vendors highly on the flexibility brought to the engagement and service delivery, the technical expertise of engineers, and overall project management capabilities.

Enterprises are dissatisfied with the capabilities that vendors have exhibited across next-generation themes. The need for flexibility in commercial models and to limit attrition were also cited as pain points.

The biggest technology investment priorities for enterprises are intelligent technologies, cloud engineering, data analytics, and connected products. With several enterprises indicating that they had pushed back investments in new-age technologies due to the pandemic, service providers now have an opportunity to enhance capabilities and engage with enterprises on this front.

This study analyzes engineering enterprises' views on the capabilities of their service providers and their expectations from these vendors - below are a few charts to illustrate the depth of the report

Enterprises' overall satisfaction with service providers

59% Satisfied

41% Not satisfied

Levers of value creation for engineering enterprises

1	2	3	4	5	6
Partnership approach	Commercials	Service delivery investments	Talent management	Innovation	Project management and communication

Service provider assessment parameters

Parameter	Technical expertise	Domain knowledge	Commercials	Project management	Capabilities in next-generation themes	Flexibility
	The ability to understand clients' requirements and translate those into engineering-focused offerings using various hardware, software, and embedded tools and technologies	The ability to understand the broader business functionality of engineering products and processes, and knowledge of industry dynamics	The ability to rightly price services with an appropriate level of outcome ownership	The application of processes, methods, skills, knowledge, and experience to achieve specific project objectives within stipulated deadlines	Competence in digital engineering themes such as IoT, AI/ML, analytics, blockchain, 5G, and AR/VR	The ability and willingness to adapt to change, particularly regarding how, where, and when services are delivered

Research calendar
Engineering Services

■ Published	■ Planned	■ Current release

Flagship Engineering Services reports	Release date
Semiconductor Engineering Services PEAK Matrix® Assessment: Enabling the Hyper-connected Intelligent World	March 2021
Software Product Engineering Services PEAK Matrix® Assessment: Reaching New Frontiers in Experience-centricity and Resilience	March 2021
Industry 4.0 State of the Market Report 2021: A Transformational Leap in Cyber-physical Convergence	April 2021
Automotive Engineering Services PEAK Matrix® Assessment – Focus on ACES	Q2 2021
5G Engineering Services PEAK Matrix® Assessment	Q3 2021

Thematic Engineering Services reports	Release date
Digital Twins and their Adoption Across Industries	February 2021
Engineering ER&D (ER&D) in 2021: Key Macroeconomic and Technological Trends that Will Shape the ER&D Industry in 2021	February Key 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	Q2 2021
Engineering Services Talent Handbook	Q2 2021
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises	Q3 2021
Mixed Reality in Engineering Services	Q3 2021
Trailblazers: Cloud Engineering Service Providers	Q4 2021

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

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