

# Decoding Transformation Success Factors: Battling the Talent Crunch with a Technology-first Strategy

July 2022: Complimentary Abstract / Table of Contents



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## Background of the research

Application transformation is an ongoing and continuous process where the application's environment and its features constantly evolve based on the changing business needs and advancements in technologies. To compete in the digital world, enterprises are not only looking to shed yesterday's applications with flexible and modular cloud-based applications but also to reimagine their processes to align with their cloud-first strategy.

Application transformation enables business-critical applications to stay relevant and aligned with modern user expectations - typically by leveraging technologies such as cloud and big data, as well as principles of DevOps and agile development. By evolving from **legacy applications to always improving applications**, businesses can maintain their competitive edge, accelerate improvements, and remain flexible as systems change.

In this report, we focus on:

- State of the market for application transformation services and adoption across industries and processes
- Benefits and challenges of the multi-/hybrid-cloud model of cloud adoption
- Enterprise priorities, talent scenario, and outsourcing considerations for application transformation services

### Scope of this report



**Geography**  
Global



**Industry**  
Market activity and investments of transformation service providers across all industries



**Services**  
Application transformation services



**Use cases**  
Only publicly-available information (~300 distinct use cases) has been used for the entire analysis in this report

## Overview and abbreviated summary of key messages

This report examines the global 2007 HRO provider landscape and its impact on the HRO market. It focuses on provider position and growth in the HRO market, changing market dynamics and emerging provider trends, assessment of provider delivery capabilities, and key HRO provider profiles. It also identifies the key implications of the research findings for buyers and providers.

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

### Application transformation – state of the market

- The COVID-19 pandemic created a sense of urgency in the enterprises, thereby accelerating digital transformation initiatives. However, there is shift in priorities and many enterprises are yet to catch-up
- Platform led modernization is seeing the maximum traction across industries and processes for application transformation/modernization

### Challenges and success factors for enterprises

- 78% of overall application transformation initiatives fail. Businesses should understand that fatigue from continuous change is a top reason why majority of digital transformation initiatives fail.
- Benchmarking against the best practices to define the right set of KPIs and establish an interoperable working model is the need of the hour

### Talent implications – technology-first

- Rising attrition and the burgeoning skill gap are the biggest obstacles in talent management
- We witness meaningful change in enterprise sourcing decision making pattern owing to the talent limitations and demand for advanced capabilities and expertise

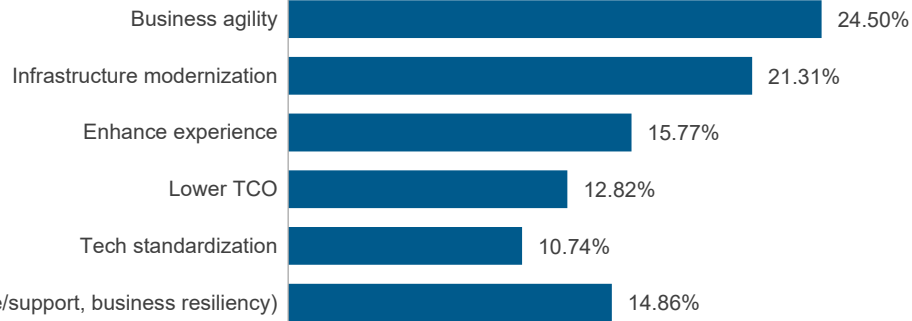
### Technology provider profiles

- Application transformation architecture along with some key players for consideration
- Seven technology provider profiles across application intelligence, application development, and application integration capabilities

# This study offers four distinct chapters providing a deep dive into key aspects of application modernization market; below are four charts to illustrate the depth of the report

## Enterprise priorities behind application modernization

2022; percentage of use cases  
100% = 291



## Reasons of failure of application modernization initiatives

78% of overall application transformation initiatives failed to meet their business objectives



There is a gap between value anticipation and value realization for enterprises



### Lack of up-front commitment

Enterprises do not always understand what is necessary to achieve the vision and strategic intent. Hence, leaders need to build a collective vision that is deeply felt and understood which may involve establishing a hypothesis of improved positioning in the market and competitor intelligence.



### Failing to take an iterative sprint approach

Most enterprises follow the waterfall model, in which they work on a detailed 18- to 24-month plan to implement it. This approach has a very high proportion of failures. Using an iterative, agile approach like the Minimum Viable Product (MVP) approach and principles of venture capitalists and software start-ups is recommended for the transformation agenda.



### Digital exhaustion leading to inefficiency

Often, enterprises start off with big, expensive investments to transform their legacy applications thus exhausting their budgets with negligible value realized. They should use sprints to implement smaller technology-enabled projects that quickly deliver measurable value.

## Talent gaps across onshore and offshore locations

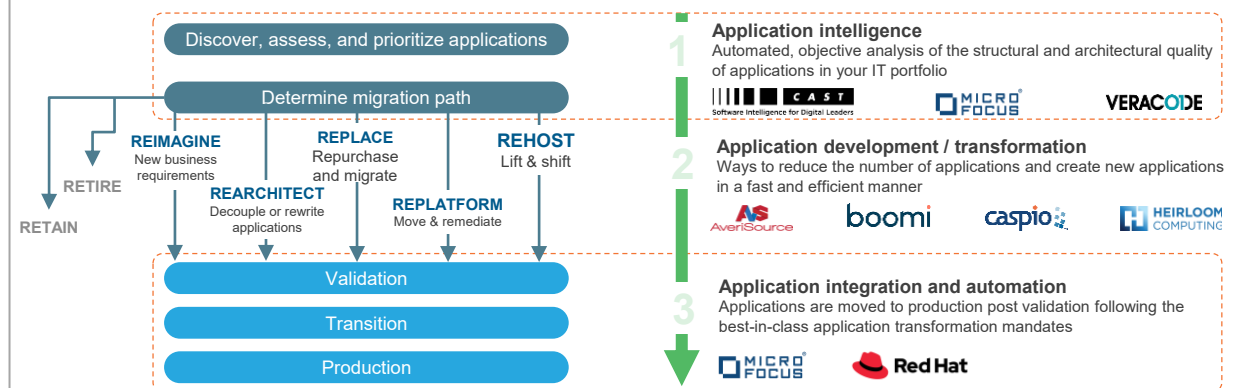
Extent of demand-supply gap: ■ <10% ■ 10-25% ■ >25% Skill type: Emerging Basic

Skill segment	Skill	Skill type	Demand supply gap in onshore locations	Demand supply gap in offshore locations
Architecture	Apigee		<span style="color: blue;">■</span>	<span style="color: green;">■</span>
	MuleSoft		<span style="color: blue;">■</span>	<span style="color: green;">■</span>
Infrastructure	AWS		<span style="color: orange;">■</span>	<span style="color: green;">■</span>
	Azure		<span style="color: orange;">■</span>	<span style="color: green;">■</span>
Delivery	Maven		<span style="color: orange;">■</span>	<span style="color: blue;">■</span>
	Logstash		<span style="color: orange;">■</span>	<span style="color: blue;">■</span>

## Technology enablers to successful modernization

### Business driven application led approach to transformation

NOT EXHAUSTIVE



# Research calendar

## Application Services

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Enterprise Quality Assurance (QA) – Service Provider Compendium 2022	January 2022
Low-code Workflow Automation Platforms Compendium 2022	January 2022
Low-code Application Development Platforms PEAK Matrix® Assessment 2022	March 2022
Contract Renewal – Information Technology (IT) Services 2022	March 2022
Integration Platform Trailblazers: Top 10 Start-ups Unifying Enterprise Applications	March 2022
The Post-pandemic IT Playbook	March 2022
<b>Decoding Transformation Success Factors: Battling the Talent Crunch with a Technology-first Strategy</b>	<b>July 2022</b>
Future of Enterprise Quality – Re-orienting Enterprise Quality to Deliver Business Assurance	Q3 2022
Multi-cloud Application Development PEAK Matrix® Assessment 2022	Q3 2022
Multi-cloud Application Development State of the Market	Q3 2022
Design and Prototyping Tools State of the Market	Q3 2022
Application Services State of the Market	Q3 2022
Pricing and Solutions for Application Services	Q3 2022
Modern Operations: Visibility and Observability Key to Enhancing Business Capabilities	Q3 2022
Design and Prototyping Tools PEAK Matrix® Assessment 2022	Q3 2022

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