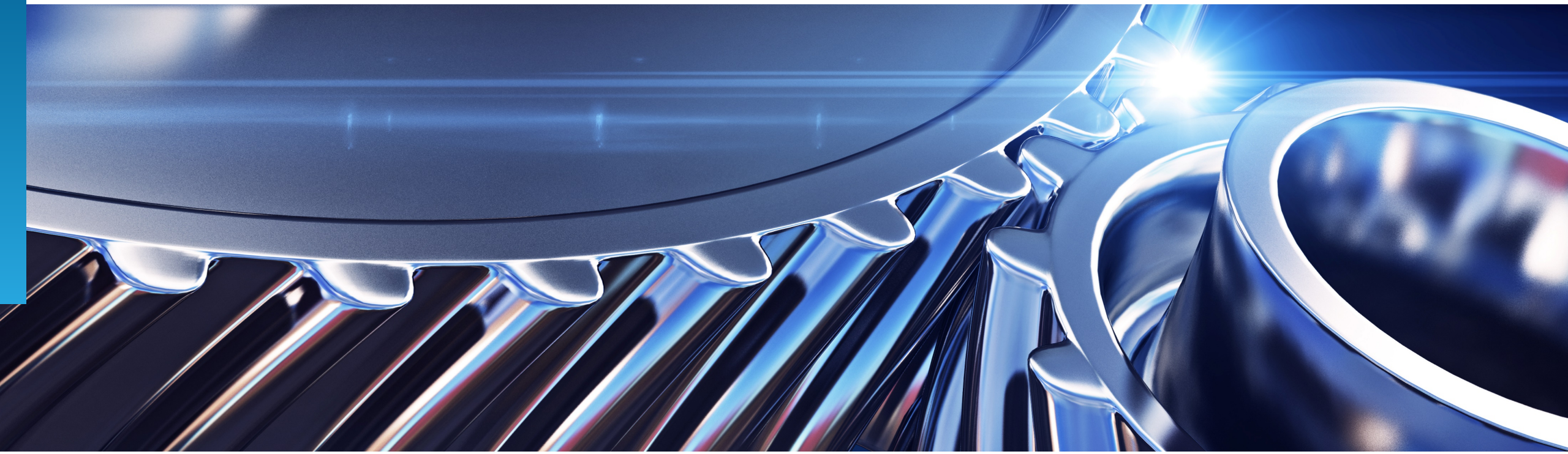
Everest Group®

Provider Compendium | Engineering Services

Software Product Engineering Services – Provider Compendium 2023

February 2023: Complimentary Abstract / Table of Contents



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

Akshat Vaid, Partner

Mayank Maria, Vice President

Riya Agrawal, Senior Analyst

Marut Shukla, Senior Analyst

Agnivesh Tripathy, Senior Analyst

Saketh Dachepally Kumar, Analyst

Mayank Dawar, Analyst

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Introduction

Software, the largest segment of spending in the product engineering world, continues to grow in relevance as platform-based business models take center stage for enterprises in both product- and services-centric verticals.

This shift toward platforms, with enterprises starting to compete in the market based on their platform offerings, is leading to the emergence of new dynamics:

- There is a change in the relationship and an increasing intimacy between business and technology/engineering functions
- The tolerance for technical debt is going down; the need to manage/retire platform-related legacy rapidly and effectively is more pronounced
- The approach toward software engineering is undergoing a visible shift – the build and maintain mindset is giving way to a journey of ongoing platform evolution

While the new dynamics are leading to an explosion in engineering talent demand, the geopolitical situation in Eastern Europe is worsening the already supply-constrained talent market. Engineering service providers are playing a crucial role in this situation and are helping their clients with scaled, persistent, and diversified engineering teams.

This research, the fourth edition of Everest Group's Software Product Engineering PEAK Matrix® Assessment, evaluates 33 engineering service providers, features them on the PEAK Matrix®, and shares insights on enterprise sourcing considerations. The study is based on RFI responses from service providers, interactions with their software product engineering leadership, client reference checks, and ongoing analysis of the engineering services market.

The report includes detailed profiles of the following 33 leading engineering service providers featured on the Software Product Engineering PEAK Matrix®:

- **Leaders:** Accenture, Capgemini, Cognizant, EPAM, GlobalLogic, HCLTech, Infosys, Persistent Systems, TCS, and Wipro
- **Major Contenders:** Aspire Systems, Brillio, Cybage, DataArt, Encora, Globant, Happiest Minds, HARMAN DTS, Infogain, Innominds, Itransition, Mindtree, Mphasis, SoftServe, Sonata Software, Tech Mahindra, UST, and Virtusa
- **Aspirants:** Daffodil Software, Experion Technologies, GS Lab | GAVS, Intellias, and Sacumen

Scope of this report

Geography
Global

Providers
33 leading engineering service providers

Services
Software product engineering services

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Overview and abbreviated summary of key messages

This report examines the global software product engineering services landscape and assesses 33 leading engineering service providers. It focuses on service provider capabilities and market impact in helping enterprises create experience-centric, secured, and resilient next-generation software products. It also identifies the key implications of the research findings for enterprises and service providers.

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

Service provider position and delivery capability

- Service providers can be categorized into leaders, major contenders, and aspirants on a capability-market-share matrix for software product engineering services
- Accenture, Capgemini, Cognizant, EPAM, GlobalLogic, HCLTech, Infosys, Persistent Systems, TCS, and Wipro are the current leaders in the global software product engineering services market. However, several service providers are emerging as major contenders

Service provider characteristics

- Broad-based engineering service providers that have travelled both organic and inorganic growth paths to position themselves as extremely skilled along the entire software product engineering value chain continue to make up the Leaders segment.
- The Leaders have made dedicated investments in forming strategic partnerships, establishing labs, and developing IP solutions to bolster capabilities in cloud engineering, analytics, UI/UX, AI, product development, DevOps, etc. Leaders are working on vertical-specific solutions via a continued partnership with hyperscalers such as Azure, AWS, and Google. Leaders have a balanced mix of clients spread across small, midsize, and large enterprises and a delivery footprint spread across onshore, nearshore, and offshore regions.
- Major Contenders are actively investing and enhancing their in-house engineering expertise and managing employee turnover. To compete with Leaders they need to reduce skewness in their delivery footprint and client portfolio along with offering wider services to clients
- Aspirants possess strong capabilities in specific technology areas and value chain elements, however, their global presence and ability to serve projects with wider scopes are limited. They are making focused investments for enhancing their solutions portfolio, improving service enablement capabilities, and expanding their footprint and client-base to enter the Major Contenders segment

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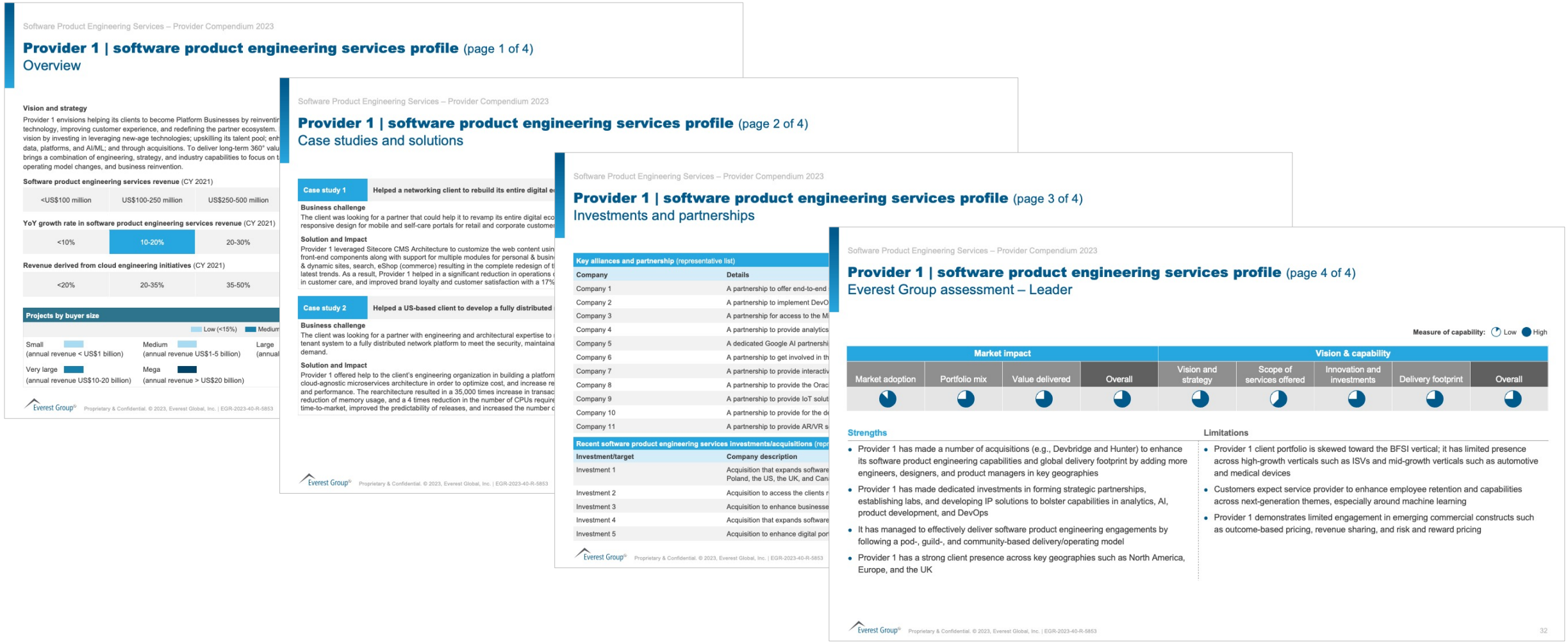
The software product engineering service provider compendium report has profiles and buyer case studies for 33 leading engineering service providers



Software Product Engineering Services – Provider Compendium 2023

Provider 1 | software product engineering services profile (page 1 of 4)
Overview

Vision and strategy

Provider 1 envisions helping its clients to become Platform Businesses by reinventir
technology, improving customer experience, and redefining the partner ecosystem.
vision by investing in leveraging new-age technologies; upskilling its talent pool; enh
data, platforms, and AI/ML; and through acquisitions. To deliver long-term 360° valu
brings a combination of engineering, strategy, and industry capabilities to focus on t
operating model changes, and business reinvention.

Software product engineering services revenue (CY 2021)

<US$100 million	US$100-250 million	US$250-500 million

YoY growth rate in software product engineering services revenue (CY 2021)

<10%	10-20%	20-30%

Revenue derived from cloud engineering initiatives (CY 2021)

<20%	20-35%	35-50%

Projects by buyer size

Low (<15%) Medium

Small (annual revenue < US$1 billion)
Medium (annual revenue US$1-5 billion)
Large (annual
Very large (annual revenue US$10-20 billion)
Mega (annual revenue > US$20 billion)

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Software Product Engineering Services – Provider Compendium 2023

Provider 1 | software product engineering services profile (page 2 of 4)
Case studies and solutions

Case study 1 Helped a networking client to rebuild its entire digital e

Business challenge

The client was looking for a partner that could help it to revamp its entire digital eco
responsive design for mobile and self-care portals for retail and corporate custome

Solution and Impact

Provider 1 leveraged Sitecore CMS Architecture to customize the web content usin
front-end components along with support for multiple modules for personal & busin
& dynamic sites, search, eShop (commerce) resulting in the complete redesign of t
latest trends. As a result, Provider 1 helped in a significant reduction in operations
in customer care, and improved brand loyalty and customer satisfaction with a 17%

Case study 2 Helped a US-based client to develop a fully distributed

Business challenge

The client was looking for a partner with engineering and architectural expertise to
tenant system to a fully distributed network platform to meet the security, maintaina
demand.

Solution and Impact

Provider 1 offered help to the client's engineering organization in building a platform
cloud-agnostic microservices architecture in order to optimize cost, and increase re
and performance. The rearchitecture resulted in a 35,000 times increase in transac
reduction of memory usage, and a 4 times reduction in the number of CPUs require
time-to-market, improved the predictability of releases, and increased the number

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Software Product Engineering Services – Provider Compendium 2023

Provider 1 | software product engineering services profile (page 3 of 4)
Investments and partnerships

Key alliances and partnership (representative list)

Company	Details
Company 1	A partnership to offer end-to-end
Company 2	A partnership to implement DevO
Company 3	A partnership for access to the M
Company 4	A partnership to provide analytics
Company 5	A dedicated Google AI partnershi
Company 6	A partnership to get involved in th
Company 7	A partnership to provide interactiv
Company 8	A partnership to provide the Orac
Company 9	A partnership to provide IoT solut
Company 10	A partnership to provide for the de
Company 11	A partnership to provide AR/VR s

Recent software product engineering services investments/acquisitions (repr

Investment/target	Company description
Investment 1	Acquisition that expands software Poland, the US, the UK, and Cani
Investment 2	Acquisition to access the clients r
Investment 3	Acquisition to enhance businesse
Investment 4	Acquisition that expands software
Investment 5	Acquisition to enhance digital por

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Software Product Engineering Services – Provider Compendium 2023

Provider 1 | software product engineering services profile (page 4 of 4)
Everest Group assessment – Leader

Measure of capability: Low High

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall
◕	◕	◕	◕	◕	◕	◕	◕	◕

Strengths

- Provider 1 has made a number of acquisitions (e.g., Devbridge and Hunter) to enhance its software product engineering capabilities and global delivery footprint by adding more engineers, designers, and product managers in key geographies
- Provider 1 has made dedicated investments in forming strategic partnerships, establishing labs, and developing IP solutions to bolster capabilities in analytics, AI, product development, and DevOps
- It has managed to effectively deliver software product engineering engagements by following a pod-, guild-, and community-based delivery/operating model
- Provider 1 has a strong client presence across key geographies such as North America, Europe, and the UK

Limitations

- Provider 1 client portfolio is skewed toward the BFSI vertical; it has limited presence across high-growth verticals such as ISVs and mid-growth verticals such as automotive and medical devices
- Customers expect service provider to enhance employee retention and capabilities across next-generation themes, especially around machine learning
- Provider 1 demonstrates limited engagement in emerging commercial constructs such as outcome-based pricing, revenue sharing, and risk and reward pricing

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Research calendar
Engineering Services

Published | Planned | Current release

Reports title	Release date
Digital Twin Services PEAK Matrix® Assessment 2022	July 2022
Connected Medical Device Services PEAK Matrix® Assessment 2022	August 2022
Mirror into the Megatrends	August 2022
Digital Twin Services Provider Compendium 2022	August 2022
Industry 4.0 Services PEAK Matrix® Assessment 2022: Unleashing the Era of Phygital Manufacturing	September 2022
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises 2022	September 2022
Connected Medical Device Services Provider Compendium 2022	September 2022
Industry 4.0 Service Provider Compendium 2023: Unleashing the Era of Phygital Manufacturing	October 2022
Engineering Services Top 50	November 2022
Acing the Art of Platform-driven Growth: Software Product Engineering Services PEAK Matrix® Assessment 2023	December 2022
Software Product Engineering Services – Provider Compendium 2023	**February 2023**
Digital Product Engineering Services State of the Market Report 2023: Breaking the Chasm between Physical and Digital Worlds	Q1 2023
Engineering R&D (ER&D) in 2023: Key Macroeconomic and Technological Trends that Will Shape the ER&D Industry in 2023	Q1 2023
Industry 4.0 services State of the Market 2023: Unleashing the Era of Phygital Manufacturing	Q1 2023
Acing The Art of Platform-driven Growth: Software Product Engineering Services State of the Market 2023	Q1 2023

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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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