



Engineering Research and Development Services Enterprise Pulse: Rising Customer Satisfaction Despite Economic Challenges

October 2024: Complimentary Abstract / Table of Contents

Market Report
Engineering Research and Development



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- ▶ Digital Workplace
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- ▶ Insurance Technology (InsurTech)
- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing
- ▶ Interactive Experience (IX) Services
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- ▶ IT Talent Excellence
- ▶ Lending and Mortgages
- ▶ Life Sciences Business Process
- ▶ Life Sciences Commercial Technologies
- ▶ Life Sciences Information Technology
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Microsoft Azure
- ▶ Microsoft Business Application Services
- ▶ Modern Application Development (MAD)
- ▶ Multi-country Payroll
- ▶ Network Services and 5G
- ▶ Oracle Services
- ▶ Outsourcing Excellence
- ▶ Payer and Provider Business Process
- ▶ Payer and Provider Information Technology
- ▶ Payment Integrity Solutions
- ▶ Price Genius – AMS Solution and Pricing Tool
- ▶ Pricing Analytics as a Service
- ▶ Process Intelligence
- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retail and CPG
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ SAP Services
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
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Background of the research

- The integration of emerging technologies such as Internet of Things (IoT), Artificial Intelligence (AI)/Machine Learning (ML), big data, Augmented Reality (AR)/Virtual Reality (VR), blockchain, and generative AI across hardware, software, network, and embedded systems significantly contributes to offering more sophisticated and interconnected systems to customers, thereby increasing product complexity. Engineering enterprises are constantly investing in innovation and Research and Development (R&D) to enhance their capabilities around digital technologies. This allows them to cater to evolving customer demands while focusing on optimizing operations and costs, reducing time-to-market, and offering advanced and connected products and solutions
- Engineering service providers have developed a broad range of cost-effective offerings to become indispensable in product value chains by playing a significant role in filling capability gaps, providing expertise and technology resources, 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 collaborating with service providers
- This research presents a summary of enterprises' perspectives on the capabilities of service providers they engage with across ACES automotive engineering, connected product engineering, connected medical devices engineering, digital twin, Industry 4.0 engineering, and 5G engineering services
- This assessment is based on 140 unique interviews conducted in 2022-23 with enterprises globally, across various industries such as automotive, consumer electronics, media, medical devices, energy, retail, and telecom

Scope of this report

Geography: global

Services: Engineering Research and Development (R&D) services

Buyer references: 140 unique customer references

Service providers: 38 ER&D service providers

Coverage of services



The report provides consolidated findings from interviews with enterprises encompassing connected product engineering, ACES automotive engineering, 5G engineering, connected medical devices engineering, digital twin engineering, and Industry 4.0 engineering services



The interviewed enterprises utilized one or more of the services mentioned below from their service provider, who nominated them as reference clients for Everest Group PEAK Matrix® assessment research



Connected product engineering services

- Ideation and design
- Product development
- Testing and certification
- Product support and maintenance



ACES automotive engineering services

- Product design
- Product development
- Product testing
- Product support



Digital twin engineering services

- Consulting
- Design and implementation
- Maintenance and management



5G engineering services

- Conception and consulting
- Design and development
- Testing and certification
- Deployment and support



Industry 4.0 engineering services

- Consulting and design
- Development and Verification and Validation (V&V)
- Deployment and SI
- Managed services and support



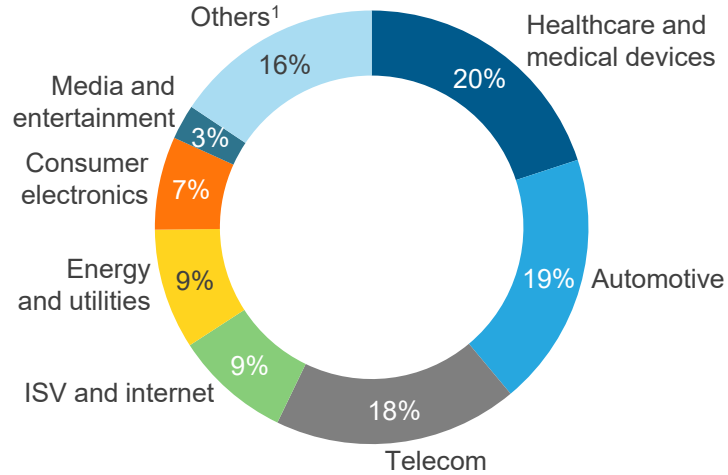
Connected medical devices engineering services

- Consulting
- Design
- Implementation
- Maintenance and management

Demographics of the research

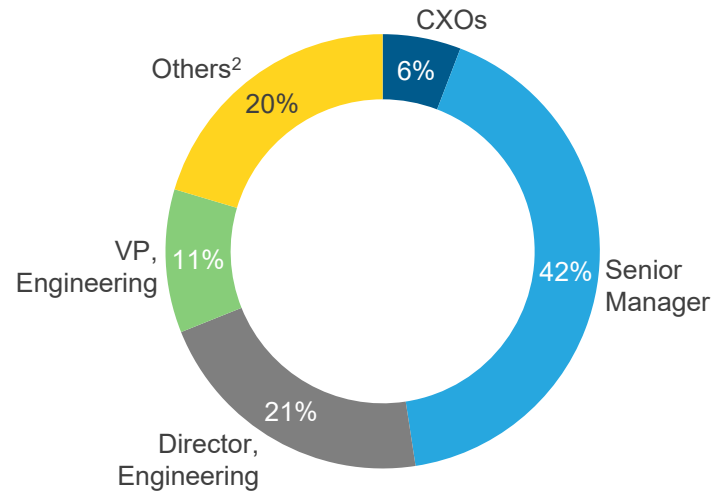
Breakdown by industry verticals

Percentage of enterprises
100%= 140



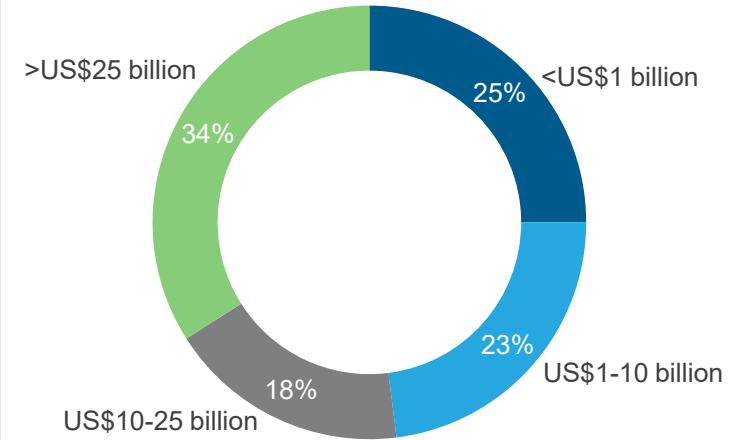
Breakdown by buyer designation

Percentage of enterprises
100%= 140



Breakdown by buyer size

Percentage of enterprises
100%= 140



¹ Others include retail, mining, agriculture, aerospace and defense, etc.

² Others include co-founder, program leader, and portfolio manager

Executive summary



Approximately 66% of the reference customers interviewed expressed satisfaction with their engineering providers, based on factors such as domain knowledge, technical expertise, project management, next-generation capabilities, pricing, and flexibility.



Most enterprises report satisfaction with service providers in Industry 4.0 (82%) and 5G engineering (72%) services, however, fewer enterprises show satisfaction in areas such as connected product engineering (61%) and ACES automotive/connected medical devices (both at 57%).

Enterprise satisfaction has increased from 59% in 2021 to 66% in 2023. This rise can be attributed to the flexibility brought by the service providers to the engagement followed by the domain and technical expertise showcased by them across various value chain functions.

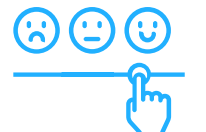


More enterprises report satisfaction with broad-based providers (68%) over pure-play providers (62%), reversing previous trends. The decline in pure-play satisfaction is due to enterprises prioritizing next-generation technologies such as AI. Broad-based providers have gained by combining domain expertise with emerging technology capabilities.



Quality of talent and prior relationships emerged as the top considerations for enterprises when selecting an engineering service provider, with 37% of enterprises prioritizing the quality of talent and 30% valuing prior experience or existing relationships with providers.

Satisfaction has improved in Europe, with over 70% of enterprises reporting satisfaction in 2023, up from 47% in 2020. In contrast, satisfaction in North America declined from 76% satisfied enterprises in 2021 to 66% in 2022-2023, driven by high pricing and complex commercial structures amid challenging macroeconomic conditions.



Research calendar

Engineering Research and Development

	Published	Current release	Planned
Reports title	Release date		
Navigating the Future of the Automotive Landscape: ACES Automotive Engineering State of the Market			February 2024
Webinar Deck: Engineering Services in 2024: Market Outlook and Commercial Trends			March 2024
Enterprise Immersive Experience Services PEAK Matrix® Assessment 2024			April 2024
Unlocking Business Brilliance with Generative AI and Large Language Models			April 2024
Making Brownfield Factories Smarter and Greener			April 2024
Connected Product Engineering Services PEAK Matrix® Assessment 2024			May 2024
Connected Product Engineering Service Provider Compendium 2024			June 2024
Leading the Pack: Trends for the Top 200 Engineering Research and Development (ER&D) Enterprises 2024			August 2024
ES Top 50™			September 2024
Engineering Research and Development Services Enterprise Pulse: Rising Customer Satisfaction Despite Economic Challenges			October 2024
Viewpoint on ER&D in Construction			Q4 2024
The Future of Mobility – Unlocking the Power of Software in Modern Vehicles			Q4 2024
Connected Product Engineering Services State of the Market Report 2024			Q4 2024
Semiconductor Engineering Services PEAK Matrix® Assessment 2024			Q4 2024

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