NEAT EVALUATION FOR NIIT TECHNOLOGIES:

Cloud Advisory, Assessment & Migration Services

Market Segment: Migration Capability

Introduction

This is a custom report for NIIT Technologies (NIIT Tech) presenting the findings of the NelsonHall NEAT vendor evaluation for *Cloud Advisory, Assessment & Migration Services* in the *Migration Capability* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of NIIT Tech in cloud services, and the latest market analysis summary for cloud services.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering cloud services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in advisory and assessment services and migration services.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are Atos, CSS Corp, DXC Technology, EPAM Systems, Infosys, LTI, Luxoft, Mphasis, NIIT Technologies, NTT Data, TCS, Trianz, Unisys, Virtusa, and Yash Technologies.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Cloud Advisory, Assessment & Migration Services (Migration Capability)
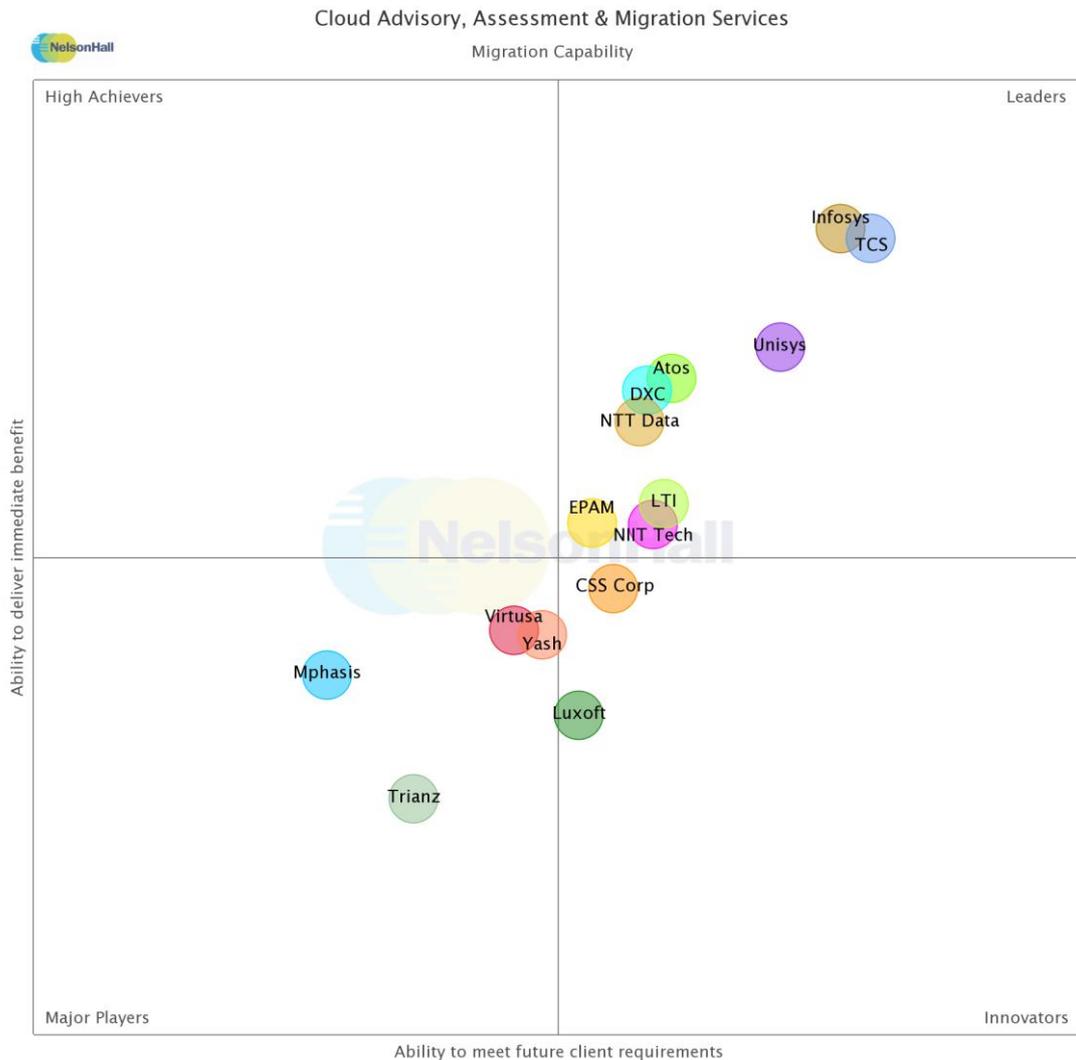
NelsonHall has identified NIIT Tech as a Leader in the *Migration Capability* market segment, as shown in the NEAT graph. This market segment reflects NIIT Tech's ability to meet future client requirements as well as delivering immediate benefits to cloud services clients with a specific focus on migration services.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the Cloud Advisory, Assessment & Migration Services NEAT tool (Migration Capability) here.

Vendor Analysis Summary for NIIT Tech

Overview

Noida, India-headquartered NIIT Technologies was founded to provide software and IT services. Initially part of NIIT, the largest IT training company in India, in 2004 NIIT Tech was spun off as an independent public company, to pursue the IT services industry.

NIIT Tech services clients in travel and transportation, banking and financial services, insurance, manufacturing, and media verticals. It offers services including application development and maintenance, infrastructure management, and business process management.

In 2009, NIIT Tech announced that it was partnering with Hitachi Information Systems to begin offering cloud services. The offering, rolled out in spring 2010, leveraged an NIIT Tech managed data center located in Bangkok, Thailand. Initially, the arrangement offered cloud services to Hitachi's Japanese client base, ultimately moving ~100 clients to the cloud.

Later in 2010, NIIT Tech expand into the domestic Indian market, primarily offering SaaS products across banking and procurement. It followed this by expanding its offerings into cloud environment migration and management. In 2012, it introduced a PaaS offering.

Initially, cloud offerings were solely included in broader multi-tower outsourcing arrangements; as recently as 2016, NIIT Tech estimated that ~15% of cloud services were sold on a standalone basis. The firm has since made a concerted effort to expand its cloud services footprint, building out its cloud service line organization, strengthening partnerships with cloud providers, and developing sales targets.

Strengths

- Significant focus on and investment in cloud offerings for target verticals
- Deep travel and transportation industry experience
- CloudPixy cloud management platform.

Challenges

- In process of expanding limited cloud consulting headcount dedicated to working onsite with clients
- Current concentration of its client base is primarily in travel and transport, financial services, and insurance
- Limited investment in developing proprietary advisory and migration toolsets instead choosing to use commercially available, off the shelf software and toolsets.

Strategic Direction

To continue the growth of its cloud advisory, assessment and migration services practice, NIIT Tech is focusing on investments in expanding capabilities in the following areas:

- Grow portfolio of proprietary solutions

- Expand cloud client footprint at current and new clients

- Integrate emerging technologies into cloud advisory and migration offerings

- Expand commercial toolset partnerships.

Outlook

NIIT Tech has increased its focus on cloud services recently, later than many of its competitors. However, a significant focus on expanding from its existing client relationships has driven growth in its cloud services, which accounted for ~18% of its revenues in 2017.

To facilitate this growth, it continues to invest in its capabilities, building out a dedicated cloud services organization and expanding its offerings. Its primary focus for cloud automation investment, to date, has been its CloudPixy cloud management platform.

NIIT Tech's advisory and migration tool strategy has focused on the use of partnerships with commercial tool providers. Expanding this approach to include more proprietary offerings such as incorporating capabilities from its Tron A.I. platform, would provide it with a strong, differentiated foundation for its consulting initiatives.

NIIT Tech's broad delivery footprint provides it with geographic diversity in delivering to clients, though its total headcount remains concentrated in India. With the infrastructure in place, it needs to continue to grow its consulting capabilities in proximity to its client bases. Identifying core hubs in the U.S., the U.K., and Spain is the right first step, which will provide it with the opportunity to build targeted hubs of cloud and digital capabilities.

Its client base has a heavy concentration within the travel and transport, insurance, and financial services industries. While travel and transport may be an overlooked industry vertical among other providers, it can also be an economically cyclical industry, so continuing to expand its offerings and capabilities for other industries would help to reduce NIIT Tech's risk.

Cloud Advisory, Assessment & Migration Services Market Summary

Overview

Expanding the objectives and scope of cloud adoption is driving the rise in cloud advisory and migration services. Clients are increasingly looking to vendors to help shape the overall enterprise cloud migration and optimize the to-be environment based on the existing application landscape and business objectives.

As companies look to migrate an increasingly larger proportion of their application landscapes to the cloud, advisory and migration services look to grow more quickly than overall cloud services. Seeking to understand the highest value and least risky migration approach, cloud advisory is the fastest growth service at 17.9% per annum through 2022.

In parallel with this changing focus, vendors are also seeing a changing profile in its buyers. Where early cloud migrations were driven by IT leadership looking for cost reduction, cloud migrations are increasingly driven by business-side buyers that are looking to cloud as a foundational element of a broader digital transformation that includes objectives around improving customer experience and increasing revenues.

While clients are increasingly looking to vendors to use advisory and cloud migration capabilities to support the foundational step in a broader digital transformation such as expanding the use of analytics and incorporating IoT, the benefits quantified for completed cloud migrations are still primarily focused on reducing infrastructure and operational cost.

To deliver these services, IT service vendors are investing in building both advisory and migration capabilities. These investments are primarily focused in three main areas:

- Developing assets including assessment tools, migration blueprints, and vertical-specific cloud offerings

- Building client-proximate cloud consulting capabilities to work with clients on developing a cloud strategy, migration plan and business case

- Remote migration factories that provide specific cloud application remediation and technical knowledge.

Buy-Side Dynamics

The key decision factors in selecting a vendor to deliver cloud advisory, assessment and migration services are:

- Existing relationships to expedite the understanding of the existing landscape and business objectives sought

- Bundled capabilities to include DevOps or analytics implementation, digital transformation or cloud management and operation.

Market Size & Growth

The global cloud advisory, assessment and migration services market is estimated by NelsonHall as ~$4,078m in 2017. It is expected to grow at 17.5% CAGR to ~$7,768m by 2022.

Success Factors

The key success factors for cloud advisory, assessment and migration services vendors include:

- Automated assessment and migration capabilities: successful vendors offer a portfolio of automated tools and methodologies to assess the suitability of the application landscape, develop a migration roadmap, build a business case for migration and execute the migration of workloads

- Local consulting capabilities: successful vendors possess local consulting teams that can work face to face with client teams to understand the existing application landscape, build the business case of migration and collaboratively define the to-be architecture and migration plan

- Migration factories: successful vendors possess remote delivery center based factories that provide specific technical capabilities and experience of successfully completed migrations for comparable clients

- End to end cloud capabilities: while cloud advisory and migration activities can be a stand-alone project, clients frequently want vendors that possess capabilities across the cloud lifecycle and associated services. This includes on-going management and operation of the cloud environment and DevOps implementation capabilities

- Repeatable assets: successful vendors are proactively capturing, retaining and using cloud migration experiences. In a rapidly growing market, building a capability to ensure that ensures each new engagement can use experiences helps meet client commitments. These repeatable assets can take the form of automated tools, migration factories, tailored migration blueprints and standardized methodologies.

Challenges

Key challenges are:

- As the scope of cloud migrations grows, a vendor's understanding of the existing application landscape must grow as well to ensure the migration plan can be achieved and the end-result environment meets the defined business objectives. To support this, clients are looking for vendors that can quickly execute a technical, business and functional assessment and use previous cloud migration experiences to build a migration plan and associated business case

- Clients' usage of cloud environments is evolving. The workloads migrated are broadening and clients are seeking more optimized, sophisticated cloud architectures. These increasingly include multiple public cloud providers, SaaS, private cloud and applications remaining on-premise. They are looking for vendors that can have the experience and tools to help shape these end solutions and quickly execute migrations spanning different environments.

Outlook

The future direction for cloud advisory, assessment and migration service vendors includes:

Approach and objectives:

- Cloud migrations are becoming a foundational step as part of a broader digital transformation

- Rather than looking to modify and migrate existing applications to operate minimally in a cloud, workloads will be increasingly replaced with optimized cloud-native developed applications

- The migrations of applications are templatized by vendors based on sets of common vertical and horizontal blueprints to speed and de-risk migration

- Broad multi-cloud target environments become common as each workload is targeted to best-fit environment.

Benefits:

- Clients use cloud migration as a foundation to gain access to digital transformation technologies (IoT, machine learning) that expand their business case to increased revenues and improved customer service

- Client data center footprints are completely eliminated.

Delivery model:

- Advisory services are increasingly focused on business and functional skills rather than deep cloud technical skills

- Automated assessment toolsets incorporate cognitive capabilities that use past migration experiences to automatically optimize migration plans

- Toolsets are integrated across the cloud lifecycle; enabling automated assessment and planning, remediation, migration, cloud provisioning, orchestration and management without human action.

NEAT Methodology for Cloud Advisory, Assessment & Migration Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements

- **High Achievers**: vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit

- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Overall cloud AAM capability
	Cloud advisory & strategy capability
	Workload assessment
	Cloud migration capability
	Application remediation
	Mainframe modernization & migration
	Cloud integration offerings
Delivery	Onshore cloud consulting
	Offshore cloud factories
	Automated assessment tools
	Automated migration
	N. America could delivery
	EMEA cloud delivery
	APAC cloud delivery
Presence	Overall scale of operations
	In advisory & assessment services
	In migration services
	In N. America
	In EMEA
	In APAC
Benefits Achieved	Value for money
	Project cost objectives
	Infrastructure scalability/flexibility
	Operational cost savings

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Future Commitment to Cloud AAM	Financial rating Commitment to advisory/assessment & migration Commitment to innovation in cloud consulting
Investments in Cloud AAM Capabilities	In cloud strategy development In app workload assessment In app re-factoring In app migration
Ability to Partner & Evolve Services	Suitability as partner to meet future clients requirements Ability to evolve services

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

research.nelson-hall.com

Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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