



IDC MarketScape

IDC MarketScape: Worldwide Digital Strategy and Agency Services 2017 Vendor Assessment

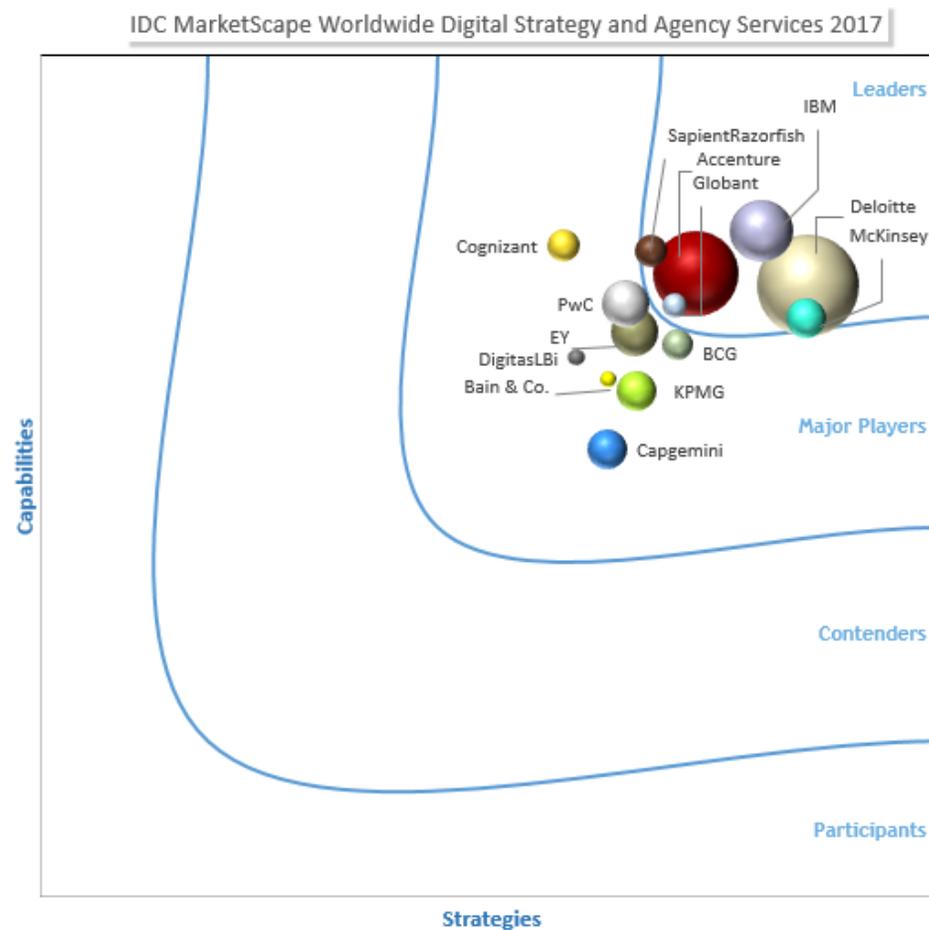
Michael Versace

THIS IDC MARKETSCAPE EXCERPT FEATURES: IBM

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Digital Strategy and Agency Services Vendor Assessment



Source: IDC, 2017

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Digital Strategy and Agency Services 2017 Vendor Assessment (Doc # US41462717). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success worldwide. This study assesses the capability and business strategy of many of the most prominent digital strategy and agency services firms. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing digital strategy and agency services during both the short term and the long term. A significant and unique component of this evaluation is the inclusion of digital strategy consulting buyers' perception of both the key characteristics and the capabilities of these providers. As one would expect of market leaders, overall, these firms performed well on this assessment. Key findings include:

- Worldwide, the market of digital strategy consulting is growing at a CAGR of 21.5%. By 2021, the market will represent a \$138.3 billion service worldwide across all vertical markets.
- Clients generally have a positive outlook on the capabilities of their providers, particularly in engagements designed to improve customer engagement and create more agile and efficient business and technical operations and infrastructure.
- The trend to apply innovative technologies and associated service capabilities is accelerating as digital business priorities broaden. While the digital priorities worldwide continued into 2017 to be centered on business operations and business process agility, leaders and major influencers of digital enterprise strategies have shifted more attention to digital capabilities necessary to create and operationalize new business models, identify new customer benefits and value opportunities to pursue and investments necessary to be successful, and generate improvements in customer, partner, and employee engagement.
- In these and other engagements, clients see their providers as generally capable at providing the required strategy, technology, and creative skills necessary to deliver digital strategy consulting engagements; providing the necessary industry and functional insight; meeting timelines; engineering business process change; incorporating cloud and analytics on existing data sources into digital strategies; and transferring digital project knowledge and experience to client staff. Clients generally have a positive outlook on the capabilities of their providers, particularly in engagements involving the use of new data sources for improving product and service design, to expand product reach, and strengthen brand loyalty.
- The top 3 consulting skills deemed most critical in these high-priority engagements were in analytics and data science, strategy consulting, and business and customer journey mapping.
- The top 5 engagement characteristics that digital executives believe have most impact on engagement success included measuring and communicating engagement value to project stakeholders, meeting deliverable commitments and timelines, measuring to limit execution

risk, integrating cybersecurity strategies in digital engagements, and establishing mid-to-longer term technology road maps.

- Demonstrated experience is the primary quality, over prior relationship, proposal capabilities, and recommendations that organizations look for when sourcing for external help. In 2016 and early 2017, however, firms are appearing to be more price sensitive in sourcing decisions as many firms rated lower in the assessment when executives were asked to measure value received for fees paid.
- Clients also identified common areas for improvement by market participants, including limiting execution risk; articulating the value of innovation to all enterprise stakeholders (internal and external); instituting new, innovative executive and companywide cultures; incorporating social platforms to help relate leadership goals to the organization, build trust, and motivate for change; and helping commercialize digital investments.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

This research includes analysis of offerings from firms with digital strategy consulting and agency offerings worldwide, including those with broad portfolios and specialty services spanning IDC's research coverage and with specific regional business clients. This assessment is designed to evaluate the characteristics and buyer perceptions of each firm – as opposed to its size or the breadth of its services. This assessment considers firms that may be described as digital specialty firms as competitive with multidisciplinary firms that are either strategy led, technology led, or creative led by the nature of how they are viewed in the market. As such, this evaluation should not be considered a "final judgment" on the firms to consider for an engagement. An enterprise's specific objectives and requirements will play a significant role in determining which firm should be considered as potential candidates for any engagement.

ADVICE FOR TECHNOLOGY BUYERS

Digital strategies are essential in business today. With growth in the adoption of 3rd Platform technologies and the industry innovation and disruption that result, nearly all corporate strategies must contain an increasingly significant digital component. Some argue that all corporate strategies are digital as strategies must address a broad set of business, social, and technology trends that surface with the acceleration of technological change. These trends include the disruption caused by external digital transformation factors, the role of technology and information as a strategic business resource, and the evolution of the talent marketplace.

Business and IT leaders of today are called upon to leverage 3rd Platform technologies and new business and operating models to transform and disrupt their business, customers, markets, and competitors. The competitive strengths of the past – corporate size and history, brand strength, and market leadership – have given way to a "new order" where agility, technology savvy, innovative ideas, and acumen with big data and analytics and design thinking rule the day.

Assets and capabilities engaged in digital strategy planning and design require multiple experience domains and stakeholder support from a variety of areas from within and outside the enterprise to ensure success. To maximize the value and investments in digital strategy consulting partners, enterprise leaders must be prepared to:

- Carefully evaluate the market participants and establish a portfolio of digital enterprise strategy service providers. This portfolio may include a core set of multinational, full digital service offering providers and a rapidly growing number of digital specialty firms. Generally, firms in this portfolio can be viewed as being either technology led, creative led, business strategy led, or industry led.
- Establish success metrics and performance indicators to drive each strategic DX investment, including investments in consulting partners, to a successful result. Success metrics and performance indicators will:
 - Provide focus for strategic and operational improvements
 - Create an analytical base for decision making
 - Maximize executive attention on "what matters most"
 - Balance consulting service spending with digital outcomes achieved
- Guide execution performance, evaluate progress, and create incentives to drive supporting behaviors
- Build ecosystems of engagement (at scale and on demand); tap into digital services that can provide networks of innovation, creative talent, and technological thought leadership at a local and global level. Be prepared for coinnovation and cocreation with service providers, and establish an engagement platform internally that can bring together business stakeholders, technology partners, end users, and start-ups with a focus on idea conversion and incubation.
- Understand the holistic business objective at hand and the impact of digital trends – to be the biggest, to be first to the market, to grow a product ecosystem, to become more agile and innovative, or to transform an existing business. This overarching objective will dictate unique aspects to a digital strategy approach and partners.
- In engaging digital strategy consulting partners, pay special attention to those characteristics and capabilities deemed by buyers as most critical to high performance:
 - Integrating the use of cloud, big data and analytics, mobility, and collaboration in delivery
 - Meeting the project timeline
 - Providing functional or business process insights and competence
 - Designing new or improving existing business processes
 - Transferring project knowledge and insight to clients
 - Creating an enterprisewide digital strategy, blueprint, and road map
 - Providing a spectrum of digital enterprise strategy services internally or through partners
- For all digital strategy consulting engagements, have clear intentions and well-defined business, technology, and operational outcomes and measurements for each.
- Understand the work to be done – the phases, activities, deliverables, feedback loops, and decision rights – as well as the tools and specific methods to be used.
- Ensure organization commitments – leadership, innovation teams, divisions, and corporate and IT functions.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of one vendor's strengths and challenges. The strengths and

challenges of a vendor are derived from buyer perceptions of each firm's strategies and capabilities in the digital strategy and agency services market with input from global analyst teams at IDC.

IBM

IBM is positioned as a Leader in the IDC MarketScape for digital strategy and agency services worldwide.

IBM is a multidisciplinary consulting firm, with more than 120,000 employees globally in its consulting services business serving clients across 18 industries in more than 450 locations across 170 countries. IBM provides consulting services across a wide range of topics, functions, and industries through IBM Global Business Services.

IBM believes that data is transforming industries and professions. The world is being reinvented in code, and computing is entering a new cognitive era. As such, IBM is transforming into a cognitive solutions and cloud platform company. IBM is building all aspects of its business, from software to hardware to consulting and managed services, to leverage cognitive and cloud.

IBM's digital practices are underpinned by the IBM iX service line. This service line houses multiple consulting disciplines including Strategy and Design, Cognitive and Analytics, Mobile and IoT, and Customer Platforms. IBM iX is focused on designing transformative experiences for clients, powered by cognitive, to create business results.

Backed by 35 studios around the globe and the recent acquisitions of Resource-Amirati, ecx.io, Aperto, and Bluewolf, IBM brings powerful customer experiences to clients around the world and is behind innovative digital experiences for Wimbledon, Air Canada, and Citi's Apple Watch banking app. The iX digital front-office maturity assessment incorporates more than 400 different digital capabilities across 20 maturity models. One of the largest digital agencies globally, iX uses a repository of customer journey maps and wall murals that bring together strategy, technology, best practices, and outcomes, founded in either a customer-centric view or a functional transformation view, across every industry it serves.

IBM also has partnered with (or acquired access to) critical data sources for differentiating insights. These strategic partnerships include Twitter, Facebook, and Box as well as the acquisitions of The Weather Company and Truven Health Analytics. These partnerships have allowed IBM to make available offerings such as Metro Pulse, powered by Watson, which combines a diverse set of time-sensitive, hyperlocalized city data with a company's own enterprise data and then applies cognitive computing to reveal the pulse of the neighborhoods where the company is located, thereby allowing more effective demand planning for retailers and the like.

The Internet of Things is another area where IBM's iX service line excels. With thousands of dedicated consultants; a broad ecosystem of partners such as AT&T, Intel, SkySpark, and Cisco; and backed by its Watson IoT platform, IBM offers solutions and services for connected vehicles, building analytics, fleet management, and predictive project health for companies such as ISS, KONE, Pratt & Whitney, Whirlpool, and Carnegie Mellon University.

In 2014, IBM had announced an exclusive partnership with Apple. This multifaceted partnership has delivered more than 100 enterprise-grade mobile apps, enabling enterprise-scale device acquisition and offering financing, activation, and life-cycle management as well as enterprise-scale service and support.

Scaling digital and consulting capabilities continues to be an important differentiation for IBM. To ensure globally consistent delivery, IBM has developed industry centers of competency (CoCs) as well as domain and technology CoCs, including many that combine skills from across IBM in areas like advanced analytics or mobility. These CoCs are staffed with thousands of senior consultants who have deep backgrounds in their respective fields and can be deployed rapidly anywhere in the world.

Strengths

Worldwide and regionally, IBM is one of the most capable of all firms at delivering digital transformation through a necessary set of business and IT consulting skills technologies and solutions. In this study, IBM's Digital Strategy and iX business assessed highly at envisioning, planning, and designing enterprisewide digital strategies; at offering a necessary scope and scale of digital services; and at using AI, analytics, and new data sources to form and deliver digital transformation.

Challenges

IBM faces a very capable set of challengers and demanding clients in this region and must continue to focus on those capabilities deemed most critical to digital success in the region: performance-led strategies for finding new profit pools and customer value opportunities, rapid product innovation, and establishing highly agile and efficient business operations. In addition, derisking digital investment decisions, establishing partnerships in commercializing digital investments, and utilizing emerging technologies, particularly AI, robotics process automation, and cloud and data analytics, to deliver a new degree of digital engagement are all central to successful digital transformation.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts

base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors and clients, publicly available information, and client experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Digital transformation refers to the changes associated with the application of 3rd Platform technology in all aspects of business and society. It is a process by which enterprises apply technical innovations to business strategies, revenue models, products, customer engagement, operations, and services. Digital transformation is accomplished through business- or IT-led project-oriented initiatives. Digital transformation includes at least one of the following 3rd Platform technologies: cloud, business analytics, enterprise mobility, or social. IDC also includes all innovation accelerators in digital transformation spending (IoT, next-generation security, robotics, cognitive computing, and augmented/virtual reality). For digital transformation examples, see *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2017: Engineering-Oriented Value Chains in the Manufacturing Industry* (IDC #US42203716, January 2017).

Digital transformations can be applied to any function within an organization. For example, creative design typically provided by digital agencies can be included as part of Internet of Things or a mobile application or in the planning of digital media campaigns. While not a requirement, digital transformations can create innovations that disrupt business processes, functions, or entire industry value chains, for example, by disaggregating or reaggregating these elements, by introducing consumers earlier in a process, or by changing consumers' role to that of a prosumer – one who is also a co-producer of products or services created in a value chain.

Digital Strategy Consulting Services

Incorporating attributes and examples of a digital transformation as previously described, digital strategy consulting services are engagement services through to the point of full-scale development and operation (sometimes referred to as to the point of producing minimally viable products [MVPs]). Digital strategy consulting services are typically engaged to define the goals, vision, business architecture, organizational model, talent needs, data requirements, analytic models, technologies, and other dimensions for the business and mobilize resources to achieve business objectives. Digital strategy consulting services are those offered to advise and assist businesses in creating, selling, delivering, or consuming products or services with increased agility, flexibility, and scalability. Digital strategy consulting services incorporate the use of 3rd Platform technologies, typically including cloud, big data and analytics, mobility, artificial intelligence, social networking, next-generation security, the Internet of Things, and other 3rd Platform technologies and innovations.

The digital strategy consulting services market includes the business planning and design activities for digital transformation found in traditional business consulting as well as the up-front IT strategy activities found in the IT consulting and custom application development foundation markets.

Digital Agency Services

Digital agency services are typically engaged by and support customer-facing functions, including advertising, marketing and communications, sales management, customer service, and product/service management. Digital agencies help clients understand, influence, and service end customers, including end consumers and partners. IDC recognizes digital agency activities in five primary groups:

- Strategy and design
- Content services
- Campaign planning and execution
- Media selection and implementation
- Market analysis and segmentation

Specific activities within these five groups typically combine digital strategy consulting as previously defined, data services, and other services specific to the digital agency market and may be delivered either in a project-based engagement or as an outsourced service or a combination of both. Digital agency services are typically offered by digital specialty firms (digital agencies) or by business and IT consulting providers through a portfolio of digital offerings.

LEARN MORE

Related Research

- *IDC MarketScape: EMEA Digital Strategy and Agency Services 2017 Vendor Assessment* (IDC #US41462317, forthcoming)
- *IDC MarketScape: Americas Digital Strategy and Agency Services 2017 Vendor Assessment* (IDC #US41462417, forthcoming)
- *IDC MarketScape: Asia/Pacific Digital Strategy and Agency Services 2017 Vendor Assessment* (IDC #US41462217, forthcoming)
- *A Framework for Service Company Success in a Post-Digital Era* (IDC #US42908817, July 2017)
- *Worldwide and U.S. Digital Strategy and Agency Services Forecast, 2017-2021* (IDC #US42796517, June 2017)
- *Digital Strategy Services Survey: A Study of Marketing Buyers in Asia/Pacific* (IDC #US42405717, March 2017)
- *The Future Services Landscape: A Consulting Ecosystem in the DX Economy* (IDC #DR2017_BS4_MV, February 2017)
- *IDC MarketScape: Worldwide Digital Strategy Consulting Services for Digital Operations 2016 Vendor Assessment* (IDC #US40634616, January 2017)
- *IDC MarketScape: Worldwide Digital Strategy Consulting Services for Product Innovation 2016 Vendor Assessment* (IDC #US40634716, January 2017)
- *IDC MarketScape: Worldwide Digital Strategy and Agency Services for Digital Customer Experience Consulting 2016 Vendor Assessment* (IDC #US41917816, January 2017)
- *IDC FutureScape: Worldwide Digital Transformation 2017 Predictions* (IDC #US42259317, January 2017)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the digital strategy and agency services market.

"Many business and IT executives find themselves challenged by the new set of competitive market forces and digital innovations that are disrupting and digitalizing the same marketplaces where they have so successfully competed in the past. Hedging against these challenges, the vast majority of

executives tell IDC that their consulting partners are not just important but critical to digital transformation success. In fact, over 25% of digital executives surveyed for this document say budgets for digital consulting and agency services partners will rise 10-25% in over the next 12-24 months, an additional 12% are planning for growth over 25%, and an additional 9% expect to see budgets grow by over 50% in 2 years. As digitization alters the nature of business, competition, supply, and servicing operations, a growing number of organizations of all sizes and maturities will expand their use of digital strategy and agency services to create and/or maintain brand, product, and operational advantage. As more firms adopt digital strategies, executives should expect their relationships with these providers to embody a broader and deeper portfolio of digital services capability." – Michael Versace, research director, Digital Strategy Consulting research

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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