

IDC MarketScape

IDC MarketScape: Worldwide Supply Chain SAP Ecosystems Services 2021 Vendor Assessment

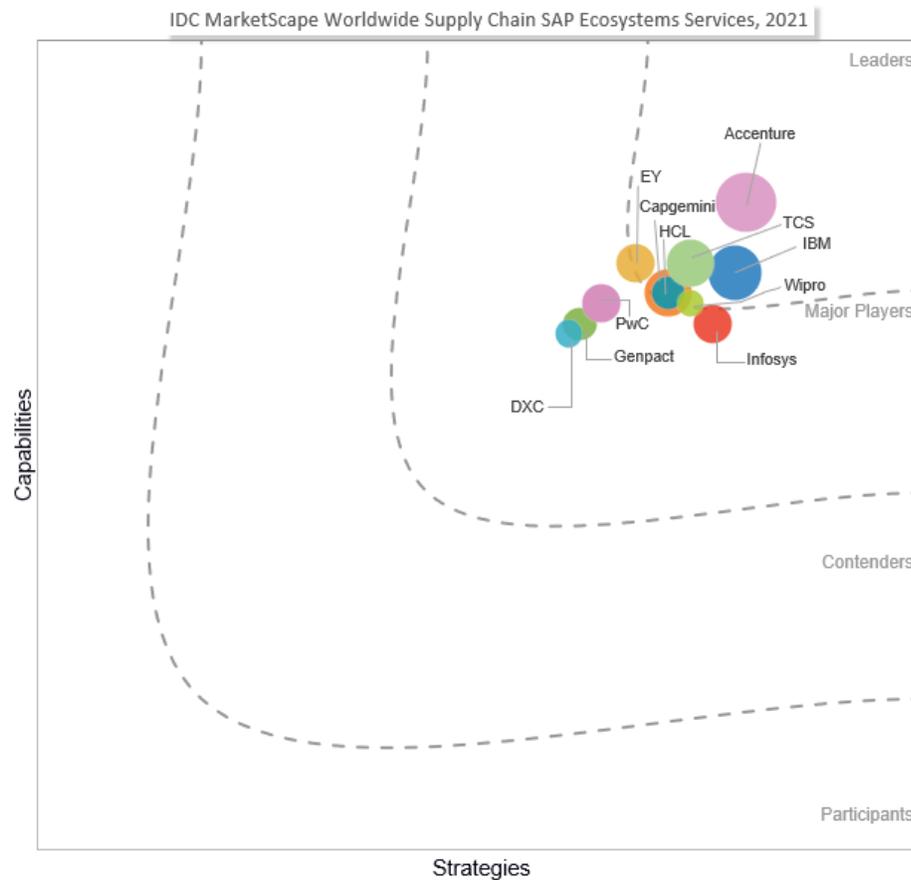
Simon Ellis

THIS IDC MARKETSCAPE EXCERPT FEATURES IBM

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Supply Chain SAP Ecosystems Services Vendor Assessment



Source: IDC, 2021

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 Supply Chain SAP Ecosystems Services 2021 Vendor Assessment (Doc # US47537120). 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

Across the breadth of supply chain management (SCM) applications, the SAP ecosystem is extremely influential and important. Most of the strategic integration firms have developed targeted practices for this ecosystem. As the events of 2020, and frankly into 2021, have shown, the supply chain is a critical functional area for manufacturers and retailers to meet their business goals. In 2020, both demand and supply disruptions put significant pressure on the supply chain's ability to plan, make, and move products in a timely and reliable fashion. Many companies realized that their supply chain capabilities were neither robust nor resilient, and IDC is seeing a renewed focus from many of them. This means an increase in the assessment and implementation of supply chain management tools and heightened adoption of new technologies such as cloud and artificial intelligence (AI) in support of a digital journey. Strategic integration firms that have notable supply chain practices are a key component of success for this journey, whether providing advisory services, business process outsourcing, application development and integration, or ongoing support and continuous improvement.

This 2021 IDC MarketScape for worldwide supply chain SAP ecosystems services looks at 11 IT services firms that support the assessment, selection, and implementation of the SAP suite of supply chain management tools. Most of these firms support a broader range of SAP tools, but for the purpose of this document, we are only assessing the supply chain. This research is both a quantitative and qualitative assessment of the characteristics and capabilities that affect a vendor's success in delivering supply chain transformation for manufacturers and retailers. Throughout the assessment, three common opportunities/challenges emerge that IT services firms must address:

- Although cloud still lags behind on premises by the measure of the overall installed market, the growth rates of cloud adoption moving forward are much higher and the future for supply chain applications seems quite clear. The ability for supply chain services firms to support the SAP IBP cloud products and SAP Ariba is critical.
- The complexity and challenge of building a road map for supply chain transformation lead to a series of pilots or extended implementation cycles. IT firms that perform most effectively here do so by integrating assessment tools with implementation/integration.
- Despite the influence of the SAP SCM ecosystem, most manufacturers and retailers still run supply chain management tools from multiple vendors and may find cloud offerings that lack specific industry functionality. The ability of IT services firms to help integrate disparate tools and offer task apps that bridge functionality gaps is also an important part of this assessment.

Although IDC would not hesitate to recommend any of the vendors included in this assessment, to mitigate the aforementioned challenges, manufacturers and retailers should look for the following from their chosen SCM IT consulting firms:

- A proven track record of business model transformation in the supply chain
- A culture of innovation and expertise with relevant innovative technologies

- The ability to create a road map for supply chain transformation at a global scale
- Experience/expertise in specific subsegments of manufacturing or retail, high tech, or consumer products as examples
- Experience with similarly sized manufacturers or retailers
- Clarity of vision/strategy to lead the manufacturer or retailer and not be led

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

This study assesses the capability and business strategy of many notable IT consulting vendors in the SAP SCM market. While all 11 vendors included in this IDC MarketScape deliver a broad range of capabilities and offerings within the end-to-end SAP supply chain market, they offer a variety of approaches and hold expertise in a breadth of subvertical industries and company sizes within manufacturing and retail. The "short list" as provided by this IDC MarketScape highlights both the current capabilities and future strategies of each IT consulting vendor to enable technology buyers to more efficiently identify the appropriate fit to support their respective supply chain transformation goals and needs.

There are a wide number of IT consulting firms offering supply chain management services to the manufacturing and retail industries. The vendor inclusion criteria for this study were chosen to best portray the vendors that are representative of the SAP supply chain services buyer's selection list. This study cannot replace the due diligence that should be done as part of the selection of a services firm, but it is useful as one data point into a manufacturer's decision-making process to sharpen the vendor evaluation process. The intent with this IDC MarketScape is to focus on those IT consulting vendors that meet the criteria and focus on a broad set of offerings and capabilities to support the SAP SCM ecosystem. For this study, we have focused on those IT consulting firms with the following characteristics:

- Vendors must have a global presence – engagements in at least two major geographic regions.
- Vendors must have industry breadth with engagements in manufacturing and at least one additional industry (retail, life sciences, wholesale, etc.).
- Vendors must have been offering supply chain-related integration and implementation services for at least five years.
- Vendors must have at least 20 client engagements in the SAP supply chain ecosystem.

This IDC MarketScape includes the following 11 IT consulting firms: Accenture, Capgemini, DXC, EY, Genpact, HCL, IBM, Infosys, PwC, Tata Consulting Services (TCS), and Wipro. Each vendor included in this study meets the aforementioned requirements.

ADVICE FOR TECHNOLOGY BUYERS

Although supply chain transformation has been an important priority for many companies, 2020 has thrown the globe into a period of uncertainty and disruption and brought supply chains into the spotlight as their weaknesses in responding to the challenges posed by COVID-19 were exposed. Indeed, COVID-19 cast a light on what supply chain executives have known for some time now – that connectivity and automation are crucial to operating today's complex global businesses and that digital transformation (DX) across supply chains and software to manage specific processes, combined with

technologies that can sense, gather, secure, cleanse, compile, and analyze necessary data, must be a part of a modern, resilient supply chain.

IDC expects that, for the foreseeable future, companies that invest in resiliency and digital competencies in their supply chains will outperform those that do not. While the direct impact of COVID-19 will likely persist at least through 2021, the broader ramifications will reverberate for years. What the next "next" normal looks like after 2021 remains to be seen, but it seems likely that we will see a general modernization and refurbishment of traditional supply chain approaches.

Even before COVID-19 descended on the world, supply chains were increasing the adoption of automation and technologies to improve both visibility and agility. In the 2020 IDC FutureScape for the supply chain, we predicted that by the end of 2021, half of all manufacturing supply chains will have invested in supply chain resiliency and artificial intelligence. Technology and automation play well during a crisis, and the impact of COVID-19 is poised to accelerate the adoption of technologies and processes that will connect and automate supply chains to make them more agile and insightful; thus, more resilient.

For manufacturers and retailers either embarking on or continuing their supply chain transformation journey, IDC offers the following guidance:

- **Prepare your supply chain organization for a transformation journey and not one-off skunkworks or pilots.** It is critical that in the strategic planning phase all technology investments are viewed through the lens of a digital journey. If an investment or a project cannot link to a broader strategy, it should be reassessed for its criticality to business transformation. Manufacturers and retailers must be able to leverage the success and value of each investment within a broader journey of supply chain transformation. Ensure that the IT services firm you select can be a partner on this journey:
- **Look for the *right* services partner.** The right services partner should understand your industry and any technical limitations you may possess and have a deep understanding of the "all other" supply chain product suite that you select.
- **Select an IT service partner that brings strong technical chops and has task app capabilities.** There is no single supply chain product vendor that can meet the need of all manufacturers and retailers.
- **Create shared goals and outcomes that can be measured and adjusted as the business changes.** Supply chain transformation is a journey and working with IT consulting partners should be viewed through the lens of a longer-term partnership. But to ensure satisfaction and success, manufacturers and retailers need to work with partners to agree on goals and KPIs. Value sharing engagement are becoming quite popular.
- **Select an IT vendor with flexible experience and varied business model experience.** Supply chain transformation and shifting business model are part of a journey for manufactures with a not a well-defined endpoint. Manufacturers need to be strategic in how the digital tools they invest in accelerate their transformation as opposed to driving further gaps in knowledge or disconnected siloes. IT consulting vendors can aid manufacturers in this journey.

VENDOR SUMMARY PROFILES

This section summarizes 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 each vendor's strengths and challenges.

IBM

IBM is positioned in the Leaders category in this 2021 IDC MarketScape for worldwide supply chain SAP ecosystems services.

IBM is a global IT consulting and services firm incorporated in Armonk, New York. Founded in 1911, IBM has been delivering supply chain management offerings and services for almost 30 years, with approximately 25,000 employees globally supporting manufacturing. IBM has supply chain management clients around the globe, with a significant client base in North America, Europe, and APAC. It serves a variety of manufacturing subverticals, with notable capabilities in automotive, consumer goods, high tech, and heavy machinery. IBM's range of services includes application development, maintenance and support, supply chain strategic consulting, systems implementation and integration, and business process outsourcing.

IBM's global supply chain practices have deep industry and functional expertise, as well as technology and data know-how that it has used to innovate its own supply chain, a unique type of firsthand experience. IBM's breadth and depth of capabilities can be brought to bear on a supply chain suite of services across IBM Services, IBM Sterling, blockchain, enterprise applications, and AI/analytics. IBM brings firsthand knowledge and expertise from global thought leaders on supply chain process and transformation best practices. IBM build supply chain solutions that are accelerated by IBM Watson, blockchain, IoT, 5G, and data science/analytics to help its clients on their journey to become cognitive enterprises with intelligent supply chain workflows. IBM operates at the intersection of process, technology, and industry expertise to provide clients an end-to-end delivery experience. Agile road maps are developed with digital change/organizational change management methods and are delivered with speed to value and reduced risk. IBM tools and accelerators provide differentiated implementation outcomes. Transformations are designed with experience-led, user-centric approaches using IBM Garage methodology and technology accelerators. Deep heritage in IT allows strategy to flow seamlessly into stand-up of next-generation digital platforms at a truly global scale. IBM has proven experience in designing autonomous supply chain operating models with unique methodology for delivering strategy.

Strengths

IBM has a complete set of supply chain transformation capabilities across the entire SAP supply chain product suite and enhanced with IBM applications. IBM brings a very strong set of capabilities leveraging full resources of IBM including IBM Garage, Design Thinking, deep process, industry and SAP expertise, robust cognitive/AI/ML, RPA, blockchain capabilities, and innovative solutions. IBM is focused on innovating and delivering innovative solutions that drive quantifiable business outcomes. IBM has a robust platform with best-in-class tools and accelerators, supported by a comprehensive end-to-end method that accelerates client time to value:

- Experience-led value discovery
- Impact for S/4, IBP, and Ariba
- Agile implementation methodology
- IBM cognitive, automation, and blockchain tools/extensions

Implementation examples include taking a global SAP IBP and SAP S/4HANA project to go live with all modules with a complex supply chain and active collaboration with SAP Walldorf on several co-innovation items including an innovative IBP Response capacity (deployment, allocation planning, and MTO/ATO order confirmation).

Challenges

The main challenges are resource cost and client preference for narrow technology updates rather than broader business transformation. IBM may lose deals where a broad transformation message takes a back seat to more narrow project parameters.

Consider IBM When

Manufacturers across all industries and geographic regions should consider IBM when looking for a partner that can drive SAP SCM value and supply chain transformation on a global scale with attended technological capabilities across AI and blockchain.

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 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.

Each of the 11 IT consulting vendors evaluated in this IDC MarketScape have the ability to support the broad range of capabilities necessary for end-to-end SAP supply chain management within the manufacturing and retail industries. All vendors in this study ended up in the Leaders or Major Players categories because of their ability to deliver across the variety of supply chain functional areas necessary to support a successful transformation.

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 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, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Supply chain SAP services are a wide range of services delivered by IT services firms to help manufacturing and retail organizations make decisions, improve business processes, assess and implement SAP supply chain tools, and reshape supply chain operations. Significant components include:

- **Systems implementation and/or integration.** Help companies to run their supply chain organizations more effectively and efficiently, help them make better resource tradeoffs and decisions, improve overall business process performance, and optimally implement supply chain applications and tools.
- **Strategic consulting.** While the category is often aligned to technology initiatives, the strategy consulting efforts are not always specific to IT applications; and they may be aligned with reengineering supply chain planning processes, rethinking enterprisewide approaches to planning initiatives, or in how the supply chain can support a fundamental rethinking of the overall business model.
- **Application development, maintenance, and support.** Is the ability to develop adjacent tools and task apps to bolster the capabilities of the SAP SCM suite. Also includes the ability to support implementations and help manage upgrades.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Supply Chain 2021 Predictions* (IDC #US46920720, October 2020)
- *2020 Global Supply Chain Survey* (IDC #US46930520, October 2020)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2020: Technology-Oriented Value Chains in the Manufacturing Industry* (IDC #US44304120, June 2020)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2020: Asset-Oriented Value Chains in the Manufacturing Industry* (IDC #US44302220, June 2020)

- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2020: Brand-Oriented Value Chains in the Manufacturing Industry* (IDC #US46449919, June 2020)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2020: Engineering-Oriented Value Chains in the Manufacturing Industry* (IDC #US46381512, June 2020)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of the IT consulting providers supporting supply chain management processes. This study specifically analyzed these offerings within the SAP supply chain management suite.

"Across the breadth of supply chain management applications, the SAP ecosystem is extremely influential and important. Most strategic integration firms have developed targeted practices for this ecosystem," says Simon Ellis, program VP for Supply Chain. "The intent of this IDC MarketScape is to focus on those IT consulting vendors that focus on both a deep and broad set of offerings and capabilities to support supply chain management within the SAP ecosystem."

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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