A research report comparing provider strengths, challenges and competitive differentiators

Next-Gen Application Development & Maintenance (ADM) Services
Australia 2019

Quadrant Report

Customized report courtesy of:
Cognizant

August 2018
About this Report

Information Services Group, Inc. is solely responsible for the content of this report.

Unless otherwise cited, all content, including illustrations, research, conclusions, assertions and positions contained in this report were developed by and are the sole property of Information Services Group, Inc.

The research and analysis presented in this report includes research from the ISG Provider Lens™ program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that was current as of April 2018. ISG recognizes that many mergers and acquisitions have taken place since that time but those changes are not reflected in this report.

The lead author for this report is Ashish Chaturvedi. The editor is Jan Erik and John Burnell. The data analyst is Kankaiah Yasareni.
EXECUTIVE SUMMARY

There are variances in how clients are approaching next-gen ADM projects in Australia’s application outsourcing market. More digitally aware and mature enterprises are leapfrogging from traditional FTE-based engagements to value-based outsourcing models. However, the majority of clients continue to thrive and work in traditional arrangements. The next-gen contracts are most visible in the banking, financial services and insurance (BFSI) sector, where many financial institutions are adopting a cloud-first or cloud-only approach to applications.

Next-Gen ADM

- **Digital labour is making the existing workforce more productive**: Digital labour goes far beyond the realms of bot-based automation, to include diagnostic, predictive and remediating capabilities using intelligence acquired over time to solve non-linear problems. Digital labour is enabling the current ADM workforce to focus on higher-value work. For example: While working on a data analytics project, the analyst can now spend more time analyzing data, rather than checking the data authenticity, quality and applicability.

- **Higher demand for hybrid cloud environments**: Enterprises are increasingly creating cloud-native applications that can be moved directly to the public cloud. However, owing to security and regulatory reasons a pool of applications still resides in the dedicated private cloud. Hence, enterprises are seeking providers that can accomplish migration and maintenance across cloud environments.

- **Business-based metrics to measure results**: To divert budgets towards digital transformation, enterprises are looking for methods to quantify the next-gen services and their direct impact on business. The commercial contracting structures and preferences are shifting from traditional input-based transactional models to ones that are built on business-based metrics.

Agile Development

- **DevSecOps becomes the new normal**: DevSecOps has replaced DevOps across the board. Enterprises and providers alike are realizing that security cannot be an afterthought. Thus, during early DevOps implementation phases, security principles are being incorporated as a default feature.

- **Rapid application development is on the rise**: As enterprises transform to agile enterprises, there is a growing necessity for tight integration among their business, engineering and operations organizations. These organizations are required to maintain rapid development cycles to quickly add features to existing offerings and release new ones in the market. Such enterprises are preferring to partner with service providers that can offer a globally distributed agile organization that balances the cost dynamics with the need for speed.
Full-stack developers for application development: Providers are preferring full-stack developers for application development to avoid unnecessary coordination cycles. Having a single resource provides a 360-degree view of the environment to speed the entire development cycle. A full-stack developer is a developer that has knowledge and expertise to work from back-end through front-end application components.

Next-Gen ADM – BFSI

Blockchain technology is finding more use cases in the financial industry: Interbank use cases are still rare, however, banks are making use of the technology to simplify their existing systems and removing process bottlenecks. Blockchain is enabling faster and cheaper settlements and is shaving a significant portion of the transaction cost, while improving transparency.

Customer intelligence becomes predictor of growth: Advances in data analytics are helping financial institutions to meet and anticipate customer needs. AI is becoming a reality for running various banking functions including marketing and sales, wealth management and compliance.

Public cloud becoming the default services model: Non-core functions like CRM, HR and F&A already are being delivered through a cloud-based SaaS model. Gradually, as the CXO organization becomes more comfortable, core functions such as payments, billing, credit scoring are being moved to the public cloud.

A design-thinking approach to delivery: A customer-first design is enabling application delivery. As banking consumers are becoming more tech-enabled, e-banking is becoming the primary channel to onboard, serve and retain them. Hence, each service from account onboarding to loan disbursal is being designed to decrease customer effort and enhance experience.
Introduction

Definition

Service providers are augmenting their traditional ADM offerings with emerging technologies and collaborative frameworks to meet their enterprise clients' objectives. ISG terms such contract types as next-gen ADM contracts. This study tries to understand the client objectives and assesses provider capabilities to deliver on next-gen ADM contracts.
Definition (cont.)

Scope of the Report

The following areas associated with next-gen ADM are included within this study:

Next-Gen ADM

Like traditional application services, next-gen ADM includes consulting, design, custom development, packaged software integration, operations and testing. However, the scope, delivery mechanism and outcome for such contracts pivot around a value-based approach where the focus is on achieving enterprise agility and solving business problems.

This quadrant assesses vendors based on their capability to augment traditional ADM services with emerging technologies and methodologies like agile, DevOps, automation, digital and modernization techniques to deliver application outsourcing projects. It also assesses provider capabilities in incorporating new approaches to develop and deliver applications that focus on business outcomes.

Agile Development

Agile development focuses on an incremental and iterative approach to application development. Because agile encompasses frequent and early releases of the working software, it is being viewed by enterprise as a medium for attaining enterprise agility.

This quadrant assesses capabilities of a provider to deliver tangible results through use of various agile methodologies. It looks at the focus each provider has towards use of agile development with respect to its overall application development practice.

Next-Gen ADM – Banking, Financial Services and Insurance (BFSI)

This quadrant assesses the strength of providers that provide next-gen ADM services to BFSI industry vertical, which is comprised of banking, diversified financial and insurance companies.
Provider Classifications

The ISG Provider Lens™ quadrants were created using an evaluation matrix containing four segments, where the providers are positioned accordingly.

**Leader**

The “leaders” among the vendors/providers have a highly attractive product and service offering and a very strong market and competitive position; they fulfill all requirements for successful market cultivation. They can be regarded as opinion leaders, providing strategic impulses to the market. They also ensure innovative strength and stability.

**Product Challenger**

The “product challengers” offer a product and service portfolio that provides an above-average coverage of corporate requirements, but are not able to provide the same resources and strengths as the leaders regarding the individual market cultivation categories. Often, this is due to the respective vendor’s size or their weak footprint within the respective target segment.

**Market Challenger**

“Market challengers” are also very competitive, but there is still significant portfolio potential and they clearly lag behind the “leaders”. Often, the market challengers are established vendors that are somewhat slow to address new trends, due to their size and company structure, and have therefore still some potential to optimize their portfolio and increase their attractiveness.

**Contender**

“Contenders” are still lacking mature products and services or sufficient depth and breadth of their offering, while also showing some strengths and improvement potentials in their market cultivation efforts. These vendors are often generalists or niche players.
Rising Star

Rising Stars are mostly product challengers with high future potential. When receiving the “Rising Star” award, such companies have a promising portfolio, including the required roadmap and an adequate focus on key market trends and customer requirements. Also, the “Rising Star” has an excellent management and understanding of the local market. This award is only given to vendors or service providers that have made extreme progress towards their goals within the last 12 months and are on a good way to reach the leader quadrant within the next 12-24 months, due to their above-average impact and innovative strength.

Not In

The service provider or vendor was omitted from the quadrant as it does not have presence and services in that area; or opted not to participate in the survey study and ISG was not able to garner enough ‘relevant’ and ‘comparative’ information via other sources (desk research, internal/external databases, historic data) to ‘aptly’ position it on the quadrant.
### Next-Gen Application Development & Maintenance (ADM) Services Cross-Quadrant Provider Listing 1 of 2

<table>
<thead>
<tr>
<th>Provider</th>
<th>Next-Gen ADM</th>
<th>Agile Development</th>
<th>Next-Gen ADM - BFSI Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
<td>Not in</td>
<td>Not in</td>
<td>Not in</td>
</tr>
<tr>
<td>Atos</td>
<td>Product Challenger</td>
<td>Product Challenger</td>
<td>Not in</td>
</tr>
<tr>
<td>Cognizant</td>
<td>Leader</td>
<td>Leader</td>
<td>Leader</td>
</tr>
<tr>
<td>DXC Technology</td>
<td>Leader</td>
<td>Product Challenger</td>
<td>Leader</td>
</tr>
<tr>
<td>Fujitsu</td>
<td>Product Challenger</td>
<td>Not in</td>
<td>Not in</td>
</tr>
<tr>
<td>HCL</td>
<td>Leader</td>
<td>Leader</td>
<td>Leader</td>
</tr>
<tr>
<td>Hexaware</td>
<td>Contender</td>
<td>Contender</td>
<td>Contender</td>
</tr>
<tr>
<td>IBM</td>
<td>Not in</td>
<td>Not in</td>
<td>Not in</td>
</tr>
<tr>
<td>Infosys</td>
<td>Leader</td>
<td>Leader</td>
<td>Leader</td>
</tr>
<tr>
<td>Mindtree</td>
<td>Rising Star</td>
<td>Leader</td>
<td>Rising Star</td>
</tr>
</tbody>
</table>

---
## Next-Gen Application Development & Maintenance (ADM) Services Cross-Quadrant Provider Listing 2 of 2

<table>
<thead>
<tr>
<th>Provider</th>
<th>Next-Gen ADM</th>
<th>Agile Development</th>
<th>Next-Gen ADM - BFSI Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mphasis</td>
<td>Product Challenger</td>
<td>Not in</td>
<td>Contender</td>
</tr>
<tr>
<td>Tech Mahindra</td>
<td>Leader</td>
<td>Product Challenger</td>
<td>Leader</td>
</tr>
<tr>
<td>UST Global</td>
<td>Product Challenger</td>
<td>Contender</td>
<td>Contender</td>
</tr>
<tr>
<td>Virtusa</td>
<td>Contender</td>
<td>Not in</td>
<td>Not in</td>
</tr>
<tr>
<td>Wipro</td>
<td>Leader</td>
<td>Leader</td>
<td>Not in</td>
</tr>
</tbody>
</table>
Next-Gen Application Development & Maintenance (ADM) Services Quadrants
NEXT-GEN ADM

Definition

Like traditional application services, next-gen ADM includes consulting, design, custom development, packaged software integration, operations and testing. However, the scope, delivery mechanism and outcome for such contract pivot around a value-based approach where the focus is on achieving enterprise agility and solving business problems. This quadrant assesses vendors based on their capability to augment traditional ADM services with emerging technologies and methodologies like agile, DevOps, automation, digital and modernization techniques to deliver application outsourcing projects. It also assesses provider capabilities in incorporating new approaches to develop and deliver applications that focus on business outcomes.
Cognizant leverages a domain-plus-technology strategy coupled with its depth and breadth of services to win large next-gen ADM deals in Australia.

DXC Technology is a dominant leader in this space based on its focus in digital, rapid digital delivery, application service automation.

HCL has gained momentum in next-gen application development because of its engineering legacy, cloud capability and partnership-based approach.

Infosys impresses with its open-source development and migration, and value-based delivery approach.

TechM is showing promise through its new 3-4-3 business strategy and from forming a formidable partnership ecosystem to win and run next-gen ADM deals.

Wipro is going strength-to-strength through its Five-pronged ADM strategy; tools, IP and accelerators; and managed services expertise.

Mindtree via its digital DNA and automation focus has carved out a niche space in the Australian application outsourcing market.
Cognizant is a prominent next-gen ADM provider in Australia. Around 15% of Cognizant’s FTEs supporting Australian clients are present on-shore, while remaining are based out of India. Cognizant also has a presence in neighbouring countries including Singapore and Malaysia.

**Strengths**

**Two-in-a-box approach:** Cognizant integrates its client relationship team and its delivery team for specific projects. Cognizant designates a Client Partner (CP), which has both technical expertise and management knowledge, who heads the relationship team and is present on-site. The CP works in lockstep with the delivery manager and has co-ownership of the client. The CP can make major decisions for the client related to investments, resources and timelines, which avoids the typical lag associated with approvals. The arrangement offers greater customer intimacy, delivery speed, local decision-making and responsiveness.

**Domain expertise:** Deep domain expertise and experience in Australia’s banking, financial services and insurance (BFSI) and natural resources industries makes Cognizant a strong player.

**Strategic alliances:** For next-gen application outsourcing work, Cognizant has alliances with best-of-breed platform vendors like SAP, covering Hybris, S/4HANA and SuccessFactors, Ariba, Oracle Digital, NetSuite, Pega, Appian, Software AG and Microsoft for BizTalk.

Cognizant has only a moderate presence in industries such as CPG and retail, media and entertainment and travel, transportation and telecom.

**2019 ISG Provider Lens™ Leader**

Cognizant’s long-term plan includes adopting more business-oriented pricing models, applying a zero-maintenance strategy for non-discretionary application maintenance spend and focusing on digital-led transformation engagements. It is a plan that addresses the shift the entire sourcing industry in Australia is witnessing.
DXC TECHNOLOGY

Overview

DXC is among the biggest of next-gen ADM providers in Australia, with an ADM revenue of $468 million in 2017. DXC has approximately 90 Australian clients distributed across all the major industries. DXC has around 1,500 ADM FTEs based in different centres in Australia, including Adelaide, Rhodes, Forest Hill, Macquarie Park, Melbourne, Mt. St. Thomas, Belconnen, Brisbane, Canberra and Toowong.

Focus on digital: DXC is set to open two digital transformation centres in Canberra and Melbourne, co-located with universities. In Canberra, DXC is partnering with the Australian National University (ANU), and Swinburne University of Technology will be its partner in Melbourne.

Application service automation: DXC Bionix™ is a proprietary platform that infuses automation into application management service delivery. It uses the following tools: DXC autoDetect (next-generation application performance management); DXC autoResolve (automatic robotic tooling); DXC autoImprove (identifies improvement opportunities); DXC autoManage (optimizes workflow for operational service delivery and analytics).

Rapid digital delivery: DXC is focusing on rapid digital delivery enabled via collective genius crowdsourcing. The goals are to transform ideas into minimum viable application products (MVPs) in weeks, create application designs, wireframes and prototypes and increase the rate of application innovation.

Strengths

DXC has a limited client presence in the manufacturing, travel, transportation and leisure sectors in Australia.

Caution

DXC is among the biggest of next-gen ADM providers in Australia, with an ADM revenue of $468 million in 2017. DXC has approximately 90 Australian clients distributed across all the major industries. DXC has around 1,500 ADM FTEs based in different centres in Australia, including Adelaide, Rhodes, Forest Hill, Macquarie Park, Melbourne, Mt. St. Thomas, Belconnen, Brisbane, Canberra and Toowong.

Focus on digital: DXC is set to open two digital transformation centres in Canberra and Melbourne, co-located with universities. In Canberra, DXC is partnering with the Australian National University (ANU), and Swinburne University of Technology will be its partner in Melbourne.

Application service automation: DXC Bionix™ is a proprietary platform that infuses automation into application management service delivery. It uses the following tools: DXC autoDetect (next-generation application performance management); DXC autoResolve (automatic robotic tooling); DXC autoImprove (identifies improvement opportunities); DXC autoManage (optimizes workflow for operational service delivery and analytics).

Rapid digital delivery: DXC is focusing on rapid digital delivery enabled via collective genius crowdsourcing. The goals are to transform ideas into minimum viable application products (MVPs) in weeks, create application designs, wireframes and prototypes and increase the rate of application innovation.

2019 ISG Provider Lens™ Leader

DXC is a major player in the still-evolving Australian market. With its heavy investment in next-gen technology centres and existing scale, it is poised to rapidly grow in the country.
HCL

Overview

HCL is a major provider in Australia with a revenue of approximately $300 million in 2017. It has around 30 ADM enterprise clients in Australia supported by 4,500 FTEs, one-third of which are located in the country. HCL has three delivery centres in Australia. It also has digital labs in in Sydney and Singapore that cater to Australian clients.

Strengths

Engineering legacy: Owing to HCL’s legacy as a product engineering firm, it is continuously engaged with major software product companies for their product design and development, thereby incubating those capabilities into HCL’s own digital portfolio.

Cloud capabilities: HCL has executed more than 40 successful application migrations to cloud projects. It has an extensive cloud services portfolio, including consulting and architecture (design), application migration, reengineering, new build and SaaS configuration (implementation support) and cloud operations (run) services that are automated through DRYICE™, its automation and orchestration platform.

Partnership-focused approach: HCL has a rich partnership ecosystem with approximately 110 vendors and holds platinum and gold partner certifications with major OEMs. HCL has strong partnerships, including joint ventures and joint IP models with companies including IBM, DXC and CA Technologies.

Caution

HCL should further invest in building domain-specific industry solutions. Domain expertise is an important consideration by clients when selecting partners for innovation and next-gen initiatives.

2019 ISG Provider Lens™ Leader

HCL’s value proposition goes beyond technical capabilities to include soft factors like contractual flexibility, guaranteed outcomes and commitment to the future state of operations.
Infosys is a leader in technology services and consulting with differentiated offerings and solutions, deep industry alliances and results-oriented approach.

Infosys has long taken a conservative approach to investing in emerging areas or in gaining capabilities through inorganic growth. More recently it has made acquisitions and investments in emerging areas like SMAC and other digital technologies.

Overview

Infosys' ADM services revenue was approximately $550 million from the Australian market in 2017. It has approximately 3,570 employees that provide ADM services to its 80 Australian clients.

Strengths

Open-source development and migration: Infosys helps enterprises reimagine their IT landscape with open source. It partners with clients to design, adopt and govern open source technologies in the clients' IT environment. Infosys' suite of solutions and services on open source have helped businesses accelerate their time to market by 40 percent and bring down application maintenance costs by nearly 70 percent.

Value-add delivery approach: Infosys has a standardized and mature approach to managed services contracts, following its "Renew and New" strategy for each project. In the renew phase, it identifies areas in current projects that can be improved to produce significant operational savings. The new phase identifies hidden problems and opportunities to make the client organizations future ready.

"Zero-distance" approach: Project team members discuss the improvement areas identified in a project and suggest workable solutions with quantifiable results. After mutual consent, the changes are incorporated at the process and system levels. This approach adds value beyond contractual constructs. Currently, 80 percent of the company's managed projects have used this "zero-distance" approach.
TECH MAHINDRA

Overview

Tech Mahindra’s (TechM’s) ADM services revenue was approximately $282 million from the Australian market in 2017. It has approximately 5,100 employees that provide ADM services to its 90 clients.

Strengths

Application migration competency: TechM has dedicated consulting and enterprise architecture (EA) practices to provide application portfolio rationalization services that are supported by home-grown tools and templates. It has helped more than 500 customers migrate to open platforms, packaged solutions and external-hosted platforms. Some of the key platforms it has worked with include CareXa, Socio, CartFULL, Cloud Aggregation Platform (CAP), MDS, Modular Enterprise Managed Services (mEMS) framework, Tecnico and PRISM.

Agile and DevOps capabilities: TechM has a good track record for delivering large agile engagements with assets such as SPEED (an agile transition methodology) and AIM (the company’s Agile Index of Maturity). It has a dedicated consulting team for DevOps strategy and adoption. Other TechM resources include its DevOps assessment tools and maturity model and the ADOPT platform that provides end-to-end automation by orchestrating process and information flow across a tool stack.

Multiple engagement models: TechM offers multiple flexible pricing models, including T&M, fixed-bid, ticket-based, application-based, outcome-based (including gainshare and incentive models), shared risk-reward, transaction-based and a utility or XaaS pricing model. It also is open to exploring alternative models with clients, such as business outcome-driven, flat-rate card, risk ownership through unit pricing, IP monetization and joint ventures.

Caution

TechM was rated comparatively lower than its peers in ISG’s 2018 Voice of the Customer (VoC) Study on the following parameters: “Technology thought leadership,” “Innovation,” “Ability to deliver new services” and “Proactively identifying cost savings.”

2019 ISG Provider Lens™ Leader

TechM’s core differentiation lies in its migration and modernization services, flexible pricing models, new-age development platform and multiple key partnerships to trigger an ecosystem play.
Wipro is relying on a localization strategy in Australia plus its comprehensive service portfolio and leading tooling capabilities to win new business.

Staff augmentation still forms around 30 percent of Wipro’s ADM revenue. Although, staff augmentation is under a broader wireframe of fixed capacity, it is quite high for a company positioning itself as a next-gen provider.

Five-pronged ADM strategy: Wipro is executing a five-layer ADM business focus including:

- Wipro Integrated Agile DevOps Platform (WID) and full-stack model to achieve cycle time reduction and higher efficiencies in digital operations;
- Cloud transformation and management via its Appirio acquisition;
- ADM “Uberification” using the Wipro HOLMES platform;
- Transformation enabled by Wipro HOLMES and the Insightix platform; and
- The Topcoder platform to enable innovation through crowdsourcing.

Tools, IP and accelerators: In line with its “4 Cs” strategy (customer experience, cloud, cybersecurity and cognitive computing), Wipro has created intellectual property to span the application lifecycle, including the development stage. Some of its leading IP includes Digital Rigs, Wipro Digital Experience Platform, Cloud Migration Platform, Wipro Integrated Agile DevOps Platform (WID), devNXT, Data Discovery Platform and the Security Intelligence Center.

Managed services expertise: Wipro has developed a robust managed services model called ServiceNXT that is predictive, proactive and highly automated. ServiceNXT comprehensively addresses infrastructure, application and security IT operations requirements in an integrated or standalone mode.

Wipro’s 2017 ADM services revenue was approximately $240 million from the Australian market, where it has approximately 80 clients.

Wipro’s Australian clients are in the energy, public sector, BFSI, manufacturing, consumer goods and healthcare and life sciences (HCLS) industries.
RISING STAR: MINDTREE

Overview
Mindtree is currently in its gestational period in Australia with a small client base. Most of its clients are in the BSFI segment. Mindtree is planning to expand its manufacturing client base to Australia in 2018.

Strengths
Digital DNA: Approximately 35 percent of Mindtree's revenue comes from its digital services, and almost one-third of its employees are engaged in digital work. Mindtree has established a digital centre of excellence called Digital Pumpkin. It is an innovation workspace meant to apply the fundamentals of design thinking to conceptualize and solve enterprises' real-world challenges. It acts as a collaboration space for cross-functional vertical and domain teams, designers, account management teams and clients.

Automation focus: For Australian customers, Mindtree is focusing on implementing its CAPE (Composable Automated Platform for enterprises) automation platform to enable CI/CD pipelines. CAPE visualizes the IT lifecycle, accelerates end-to-end integrated automation and enables real-time decision making through unified dashboards. Some of Mindtree's accelerators include:

- Advanced Learning ENgine (ALEN): An accelerator to conduct ML modelling, testing and deployment to any platform
- Mindflow: Mindtree's conversational platform that can integrate, orchestrate, automate with different NLP engines
- CodeMill: Automates code generation using DB Model and reference implementation
- RAPID: This is Mindtree's RPA (robotic process automation) implementation framework for discovering, designing and executing appropriate automation solutions
- ATLAS™ Intelyzers: Data science and machine learning components that brings predictive capabilities to perform auto-triage, auto-classify, auto-respond, auto-escalate, failure-detect and auto-fix issues to managed services engagements.

Caution
Mindtree has the required capabilities but the practice size needs to be ramped up to run large transformation projects.

2019 ISG Provider Lens™ Rising Star
Mindtree’s key differentiators include building industry-specific cloud-based business applications, nimble methodology and its use of design thinking for creating next-gen ADM solutions.
AGILE DEVELOPMENT

Definition

Agile development focuses on incremental and iterative approach to application development. Because agile encompasses frequent and early releases of the working software, it is being viewed by enterprises as a medium for attaining enterprise agility.

This quadrant assesses each provider’s capabilities to deliver tangible results through use of various agile methodologies. It also looks at the focus a provider has towards the use of agile development with respect to its overall application development practice.
Agile Development

Observations

- Cognizant’s digital engineering group and One Agility™ platform for enterprise agility make it a worthy contender for agile projects in Australia.

- HCL’s agile-based target model and focus on service modernization are its core strengths in Australia.

- Infosys’ IT process enabler solution, Global Agile Delivery Framework and asset bases gives it a distinct advantage.

- Mindtree’s strength lies in its distributed agile experience and its cloud migration capabilities.

- Wipro’s cloud capabilities and innovative product development provide a strong value proposition for Australian clients.
Cognizant is in the process of expanding its agile footprint in Australia by opening more nearshore centres and boosting its offshore development centre (ODC) presence. It has also formed strategic alliances with leading companies like Cloud Foundry, OutSystems and Pivotal to address complex business and IT challenges.

Digital engineering group: Cognizant formed its specialized digital engineering group to focus on end-to-end agility. The group provides integrated and transformational services focusing on six areas:

- Agile practices like the SAFe, Kanban, Scrum, XP, DSDM, LeSS and Spotify model;
- Agile delivery via DevOps-based solutions for continuous integration (CI) and continuous delivery (CD);
- Agile mindset and organizational change management to embrace new ways of working;
- Agile infrastructure via cloud-native and platform-based solutions (for example PCF and OpenShift);
- Agile architecture via cloud-native, microservices and API-based architecture; and
- Agile teams via full-stack engineers functioning in a pod structure.

Cognizant OneAgility™: It is an integrated framework for enterprise agility. OneAgility™ Lab, one of the core components, is a platform comprising of industry products, open-source toolsets, SaaS services and templates for best practices and tool chaining to rapidly enable modern IT delivery. The majority of Cognizant's new applications are being developed in agile mode.

Cognizant is an established provider in Australia; however, its agile development work is still in the nascent stage. That being said, the agile development market in Australia is not mature.
Over the past year HCL has made considerable progress in its digital business (which is the core part of its Mode 2 strategy), reporting 30 percent revenue growth.

HCL is moving its focus away from staff augmentation contracting. Thus, it may not be a viable option for clients that want to outsource development activities with the sole aim of achieving labour arbitrage.

Strengths

Service modernization: HCL’s strength lies in large-scale service modernization programs focused on full-stack development. HCL leverages a platform-based approach to application development (including application development platform-as-a-service) and operational excellence IP, such as ALMSmart and DevOps.

Agile-focused target operating model: HCL has a well-defined target operating model for an application’s lifecycle, codenamed FENIX. Through this model, an organization’s application landscape is mapped into four quadrants, which are described below.

– Application support and maintenance: This quadrant covers legacy applications to be retired in the near future. Kanban is the preferred agile model.

– Reliability and efficiency: The applications in this quadrant are mature and are an integral part of business-as-usual. The focus is to automate the applications and reduce human touch. Scrum and XP are the preferred agile models.

– Business centric innovation at scale: This quadrant includes applications with high business impact and those that are vital to be upgraded or revamped with high frequency. Level 3 to Level 5 resources are required for this quadrant, since HCL will also help the client to validate its IT strategy. Scrum, XP, and Kanban are the preferred agile models.

– Fail fast and quick wins: The customer decides on the business innovation projects or experiments to pursue, and HCL brings these ideas to fruition. After a successful proof of concept (PoC), the strategy to scale is decided and implemented. XP is the preferred agile model.

HCL’s agile development services revenue was approximately $85 million from the Australian market in 2017. Its 12 Australia-based clients are supported by 1,270 employees engaged in agile development and integration activities. HCL has a Pega centre of excellence (CoE) lab in Sydney. The majority of its engagements follow Scrum, XP or hybrid models based on SAFe and are supported by 81 scrum masters, 10 agile coaches and 400 agile engineers.

Caution

HCL is moving its focus away from staff augmentation contracting. Thus, it may not be a viable option for clients that want to outsource development activities with the sole aim of achieving labour arbitrage.
Infosys has established a regimen of creating and harnessing local talent in Australia and has invested to create local innovation hubs to enable agile ways of working.

Infosys is focusing on further improving its footprint in the communications, financial services and materials industries.

**Overview**

Infosys’ agile development revenue was approximately $220 million from the Australian market in 2017. It has approximately 2,750 employees that provide ADM services to nine enterprise clients. Infosys has established development centres in Melbourne and Sydney to host project teams close to customer bases.

**Strengths**

**IT Process Enabler (ITPE):** A rapid agile adoption solution which is a packaged, ready-to-deploy process repository to enable faster implementation.

**Global Agile Delivery framework:** Infosys’ Global Agile Delivery framework combines benefits of traditional distributed delivery and agile methodology by creating a distributed environment to improve predictability, deliver business value and reduce risks for clients. It is aptly supported by an ecosystem of capabilities, customer partnering and enablement and execution accelerators.

**Asset bases:** Infosys has established an agile academy for training resources across its India centres and created web-based remote trainings for the rest of the world. It has an agile-DevOps COE to research tools, create CI/CD platforms (including the Infosys Development Platform (IDP)) and build innovative solutions (including custom, mainframe, ERP and DevOps). Infosys has a local resource pool of coaches to support the needs of the local market and to train the local delivery teams on agile and DevOps principles.
Mindtree can be considered for mid-size agile development assignments in Australia by clients that are looking to move towards a more iterative development model to gain a competitive advantage.

Mindtree's business is still in its evolution phase in Australia and the company has limited onshore presence. However, given its virtual team formation, it can scale-up quickly if required. Mindtree continues to invest in growing an onshore presence and ramping up locally.

Distributed agile delivery through GATE model: GATE stands for Global Agile Teams for Enterprise. Through this model, Mindtree supports onsite agile delivery at clients’ premises, onshore at local delivery centres and offshore delivery at one of its Indian delivery centres. The core tenets of GATE are to distribute cross-functional teams and not people, to distribute work based on the level of collaboration needed (keeping higher collaborative work close to the client) and to use technology enablers to support virtual teams.

Cloud migration capabilities: Mindtree takes a holistic approach to cloud transformation, from advisory to build, and from migration to management. It helps companies to quickly migrate to the cloud and scale in a factory-based model, which ensures the efficiency and flexibility to align with business needs. It offers 12 cloud-based, industry-specific business platforms to enhance productivity, inclusion and innovation.

Cloud migration capabilities: Mindtree takes a holistic approach to cloud transformation, from advisory to build, and from migration to management. It helps companies to quickly migrate to the cloud and scale in a factory-based model, which ensures the efficiency and flexibility to align with business needs. It offers 12 cloud-based, industry-specific business platforms to enhance productivity, inclusion and innovation.

Mindtree has a moderately-sized agile development practice in Australia. It caters to around 10 enterprise clients that are supported by 200 FTEs.
Although the Australian market is not mature for large-scale agile implementations, Wipro has the right local presence and capabilities to gradually infuse agile in existing client engagements and to acquire new, new-age, digital-focused client accounts.

Wipro can look to upskill the current workforce to fully take advantage of the increasing traction for agile delivery being observed in industries such as BFSI, manufacturing, and energy.

**Overview**

Wipro's application development revenue from Australia was $72 million in 2017.

**Strengths**

- **Cloud capabilities:** Wipro provides solutions to consolidate clients' application portfolios by moving them to platforms from vendors like Microsoft, Oracle, and SAP, or by developing customized, intrinsic platforms. Wipro's Cloud Integration Kit (CLiK) is an accelerator framework of methods, reusable components, and best practices to help customers plan, strategize, and execute cloud integration. The company reports it has four dedicated SAP HANA-powered labs located in Australia, India, the U.S., and Germany.

- **Innovation and product development:** Wipro Ventures is Wipro's strategic arm tasked with driving non-linear growth, delivering client innovation, entering new markets and creating strong differentiation through partnerships and IP. The group's activities include global innovation work with startups and pursuing investments in new and emerging technologies.

**Caution**

Wipro can look to upskill the current workforce to fully take advantage of the increasing traction for agile delivery being observed in industries such as BFSI, manufacturing, and energy.

**2019 ISG Provider Lens™ Leader**

Although the Australian market is not mature for large-scale agile implementations, Wipro has the right local presence and capabilities to gradually infuse agile in existing client engagements and to acquire new, new-age, digital-focused client accounts.
Definition

This quadrant assesses the strength of providers that provide next-gen ADM services to the BFSI industry vertical, which is comprised of banking, diversified financial and insurance companies.
Observations (cont.)

- Cognizant has been counting on its strategic acquisitions and sector-specific partnerships to win next-gen BFSI engagements in Australia.

- DXC's high degree of automation, industry partnerships and end-to-end ITO capabilities are some core differentiators.

- HCL strategic partnerships, innovation labs and rich toolset are its key differentiators.

- Infosys integrated digital stack and deep industry alliances provides an array of next-gen BFSI services.

- Tech Mahindra's differentiated offerings, availability of flexible commercial models, core alliance and platform strategy are its key strengths.

- Mindtree's intelligent automation solutions, distributed ledger solutions and platform-led delivery makes it a specialist in this space. It has been identified as the Rising Star.
Australia is one of the fastest-growing countries for Cognizant’s insurance business. Through the ADAPTRA acquisition, Cognizant added multiple key accounts to its client roster.

Although Cognizant has banking clients in Australia, its major focus and current offerings are steered more towards the insurance industry.

Strengths

- **Strategic acquisition**: In 2016, Cognizant acquired Sydney-based ADAPTRA, which specializes in consulting, program management and implementation of core platforms such as Guidewire to enable insurance companies to drive improvements across key functional areas, such as underwriting, policy administration, claims management and billing. This acquisition further strengthened Cognizant’s deep insurance, business transformation and platform capabilities.

- **InsuranceNext Lab**: Cognizant has a dedicated lab in Chennai, India that serves as the in-house innovation centre to create industry-specific solutions and platforms to address the current and future needs of carriers.

- **Sector-oriented partnerships**: Cognizant has more than 35 technology and industry partnerships oriented to BFSI clients. These cover technology areas such as digital, blockchain, analytics and cloud, and industry domains, including payments, insurance, compensation management, administration management, retirement solutions, performance reporting, retail and core banking.
DXC serves some of the top banks and insurance companies in Australia. Its endeavor to invest and develop capabilities in emerging technologies will help in further growing these accounts, along with acquiring new ones.

DXC is still in the process of ramping up its value-added services underpinned by data analytics and insights. It also needs to focus on embracing and partnering with emerging fintechs and insurance technology vendors.

**Strengths**

- **Industry partnerships:** DXC has deep industry partnerships with financial product vendors like Temenos and FICO. It also has been a long-time member of the partnership programs of large technology firms such as Oracle and Microsoft.

- **Complete ITO capabilities:** DXC is responsible for not only handling applications but also infrastructure portfolios for many of its large financial services clients. It can be an ideal choice for companies looking to bundle large ITO outsourcing engagements.

- **High degree of automation:** DXC has been able to achieve a high degree of automation, especially for customer engagement, claims (self-service) and back-office processing.

**Caution**

DXC serves some of the top banks and insurance companies in Australia. Its endeavor to invest and develop capabilities in emerging technologies will help in further growing these accounts, along with acquiring new ones.
HCL

Overview

HCL has around 12 BFSI clients in Australia which generated approximately $100 million in revenue in 2017.

Strengths

**Strategic partnerships:** HCL has formed deep strategic partnerships with multiple other providers and financial product vendors that give a massive boost to its own capabilities. A few examples include:

- Through its partnership with IBM, HCL gained access to a set of 42 products across eight categories. These products enhance HCL’s propositions across the insurance value chain.
- By partnering with Fenergo, HCL has access to a client onboarding centre of excellence staffed by more than 500 FTEs.
- The 13-year Guidewire partnership links HCL to 350 FTEs with competency in policy, claims and billing systems.

**Innovation labs:** HCL has six innovation labs and agile centres around the world that are dedicated to key themes like mobility, customer experience, IoT and co-innovation.

**Rich toolset:** HCL has developed a rich toolset that propagates a specialized approach to ADM services. For example, FENIX is an operating model specifically designed for the BFSI industry with cloud and digital transformation as its core goals. HCL developed FinEdge (built on Microsoft Dynamics) and SFDC – Wealth CRM to boost its system integration capabilities.

Caution

HCL can further enhance its as-a-service offerings, grow partnerships with next-gen (mode 2) technology firms and expand its services portfolio in key areas such as wealth, risk and compliance, payments, fintech and insurance and regulatory technologies.

2019 ISG Provider Lens™ Leader

HCL has successful executed multiple large transformation-driven application outsourcing engagements in Australia. The overall go-to-approach remains the same across all regions, which pivots around its Mode 1-2-3 strategy.
Given Infosys’ scale and long-standing presence in Australia, it has a tremendous opportunity to create next-generation digital commerce systems that deliver better multi-channel customer experiences through personalization, advanced selling and customer engagement techniques.

Infosys can look to further enhance its platform- and cloud-based offerings.

Infosys has around 38 BFSI clients in Australia which generated approximately $407 million in revenue in 2017. Infosys has facilitated more than 60 digital transformation workshops to help clients reimagine and prepare for the future and explore new ways of operating. The intent is to prepare companies for positive change in their organizational cultures and enable rapid prototyping and building of new and innovative solutions. Over a thousand “zero-distance” ideas have already been generated in Australia.

**Strengths**

**An integrated digital stack:** Infosys is working towards offering an integrated digital stack comprised of cloud, data, automation and digital interfaces for customers. The stack is intended to enable customers to be ready for the new digital ecosystem, which is secure, intelligent, simple, user-friendly and efficient. This will enable Infosys to be ready for an ecosystem that is platform- and cloud-based and rich with automation.

**A functional stack of BFSI offerings and BFSI use cases:** Infosys is working towards creating a functional offerings and industry use cases based on new innovations using blockchain, Open Bank Project APIs, core banking transformation and Nia, Infosys’ AI and machine-learning solution. It is developing proofs of concept, so clients can automate and digitize many of their industry processes and unlock potential to reassign staff for higher-end work.

**Deep Industry alliances:** Infosys has deep alliances with D+H, Misys, Smart Stream, SAS and Atomize. It has even created centres of excellence for a complete suite of services around Misys-LoanIQ, Smart Stream TLM and SAS Financial Crime. It has set-up a dedicated Insurance Product Lab to build and augment competencies on COTS products partnerships, including Fadata, Vermeg, OneShield, Sapiens, Oracle, Procentia, Itello, Opentext Exstream, GMC Inspire, Papyrus and Thunderhead, in-house to meet insurers’ geography-specific needs.

Infosys has around 38 BFSI clients in Australia which generated approximately $407 million in revenue in 2017. Infosys has facilitated more than 60 digital transformation workshops to help clients reimagine and prepare for the future and explore new ways of operating. The intent is to prepare companies for positive change in their organizational cultures and enable rapid prototyping and building of new and innovative solutions. Over a thousand “zero-distance” ideas have already been generated in Australia.

**Caution**

Infosys can look to further enhance its platform- and cloud-based offerings.
Overview

Tech Mahindra (TechM) has 17 BFSI clients in Australia that generated approximately $56 million in ADM revenue in 2017.

TechM’s positioning for the Australian market is built on two key themes. First, the future architecture will revolve around the “systems of records,” “systems of insight,” “systems of engagement” and “customer hub.” Second, it will maintain legacy systems and create a layer for legacy modernization that releases the client resources to focus on transformation.

Strengths

Differentiated offerings: TechM, displaying its knowledge of the Australian market, has weaved together some unique offerings for BFSI clientele, including wealth and superannuation as-a-service, legacy core banking as a managed service, digital transformation of corporate banking portals, a payment network for real-time international remittances to mobile wallets, core banking on the cloud, applying blockchain for supply chain finance, and robo-advisory services.

Multiple commercial models available: TechM has been quite flexible and innovative in its engagement options available to its Australia clients. There are multiple use cases where TechM has engaged with clients through innovative models including outcome-based, asset monetization, shared-risk, variable/ticket-based, savings-based, value-driven, and risk-reward pricing models.

Core alliances and platform strategy: For the banking vertical, TechM has relied on alliances with Temenos, Actimize and OFSAA for growing its business. For the financial services vertical, TechM has focused on wealth management with capabilities around Temenos and Avaloq. It also has SURE, which is a platform for retirements and wealth administration, and has MDS, which is a platform for managed data services. For the insurance vertical, TechM is relying on platform alliances, such as OneShield, Britecore and OIPA.

Caution

TechM is in the process of revamping its delivery model and creating more agile and customer-oriented platforms like New-age delivery (NAD). The platform looks promising, however, doesn’t have enough use cases to compare with delivery platforms from competitors.

2019 ISG Provider Lens™ Leader

TechM caters many of the large financial institutions in Australia and has the right mix of offerings, technology know-how and local presence to undertake large-scale transformational engagements.
RISING STAR: MINDTREE

Overview

In last the years, Mindtree has more than doubled its ADM revenue from $8 million to $17 million from the BFSI industry in Australia. Although its presence is still moderate, the company is demonstrating quick growth and has aggressive expansion plans.

Strengths

Infusing intelligent automation: Mindtree has AI- and machine-learning-powered intelligent automation solutions for "run the business" engagements to enable artificial intelligence for IT operations (AIOps), such as business process automation, auto triaging and intelligent remediation to improve productivity and deliver cost savings.

Distributed ledger solutions: Mindtree has developed blockchain-based solutions for seamless integration across multiple systems to enable information transparency and to simplify data exchange.

Platform-led delivery: Mindtree’s platform-based delivery is powered by end-to-end automation and IT lifecycle integration, which it achieves by leveraging its IP such as CAPE, ATLAS and MWatch.

Caution

Mindtree has limited on-shore FTE presence and a small client base in Australia.

2019 ISG Provider Lens™ Rising Star

Mindtree’s next-gen ADM solutions harness the value on offer by AI-based automation, distributed ledger and cloud technologies.
Methodology
METHODOLOGY

The research study “ISG Provider Lens™ 2019 – Next-Gen Application Development & Maintenance (ADM) Services” analyzes the relevant software vendors/service providers in the Australia market, based on a multi-phased research and analysis process and positions these providers based on the ISG Research methodology. The study was divided into the following steps:

1. Define the “Next-Gen Application Development & Maintenance (ADM) Services” market
2. Conduct questionnaire-based surveys with service providers/vendor across all trend topics
3. Hold interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG’s internal databases and advisor knowledge and experience (wherever applicable)
5. Analyze and evaluate services and service documentation based on the facts and figures received from providers and other sources.
6. Evaluate based on the following key criteria:
   - Strategy and vision
   - Innovation
   - Brand awareness and presence in the market
   - Sales and partner landscape
   - Breadth and depth of portfolio of services offered
   - Technology advancements
Authors and Editors

Ashish Chaturvedi, Lead Author
Principal Analyst

Ashish Chaturvedi is a DIGITAL XPERT and Principal Analyst at ISG with over 8 years of experience spanning IT sourcing, technology and industry research. In his current role, Ashish is responsible for authoring thought leadership papers and provider intelligence reports (i.e. Archetypes and Quadrants) in areas of Next-gen ADM and Data Analytics. He has authored several research papers in the realm of Enterprise applications, Cognitive technologies, and Big Data. He is also a member of IDG influencer network (CIO.com).

Jan Erik Aase, Editor
Director

Jan Erik Aase is a director and principal analyst for ISG. He has more than 35 years of collective experience as an enterprise client, a services provider, an ISG advisor and analyst. Jan Erik has overall accountability for the ISG Provider Lens™ reports, including both the buyer-centric archetype reports and the worldwide quadrant reports focused on provider strengths and portfolio attractiveness. He sets the research agenda and ensures the quality and consistency of the Provider Lens™ team.
ISG (Information Services Group) (NASDAQ: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry’s most comprehensive marketplace data.