ISG Provider Lens™

Retail Software and Services

U.S. 2021

Quadrant
Report

A research report comparing provider strengths, challenges and competitive differentiators

Customized report courtesy of:

Cognizant

June 2021

About this Report

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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 ISG believes to be current as of April 2021, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars ($US) unless noted.

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ISG Provider Lens™ delivers leading-edge and actionable research studies, reports and consulting services focused on technology and service providers' strengths and weaknesses and how they are positioned relative to their peers in the market. These reports provide influential insights accessed by our large pool of advisors who are actively advising outsourcing deals as well as large numbers of ISG enterprise clients who are potential outsourcers.

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EXECUTIVE SUMMARY

The Covid-19 Pandemic Accelerates the E-Commerce Adoption

In the U.S., e-commerce transactions contributed to around 12 percent of all retail revenue in 2019. During the start of the pandemic in 2020, the market witnessed a sharp spike in e-commerce activities with staggering differences between essentials and non-essential commodities, and now in 2021, as we return to normalcy, e-commerce is expected to contribute about a fifth of overall retail revenue. This sudden change in market composition has had ramifications at multiple levels, including omnichannel transactions, digital storefront, store locations and layouts, and supply chain functioning.

- **Omnichannel transactions outgrew every other channel.** The penetration of buy-online-pick-up-in-store (BOPIS) increased to more than 75 percent in the U.S. On the other hand, curbside pickup, which was at a meager 4 percent during 2019, is now being offered by 58 percent of retailers, making the task of attracting and retaining customers a shared objective of the offline and online channels. This has resulted in vendors and providers designing and weaving solutions that can provide a single view of the inventory across sales channels and stores, enhancing the current commerce platform with BOPIS functionality and enabling quick pickup (a notification going to the store workforce once the customer arrives) and easily integrated return options.

- **The website CX has moved up a gear.** Product search and selection have been significantly simplified through the visual search feature, digital stylists and chatbot recommendations. Social has become a direct commerce channel. Currently, in-app checkout of shoppable posts is possible through Instagram's checkout feature with more than 20 leading brands and retailers already on board, including Uniqlo, Nike and H&M.

- **Store locations, layout and function are changing.** Retailers are reducing the large-format mall footprint (25 percent of existing malls are expected to close by 2022). A significant swath of downtown standalone stores is morphing into hi-tech experience centers, and there are more (pop-ups or small formats) shops opened near residential areas. Some of the stores with low volumes or dark stores are also acting as micro-fulfillment centers. Retailers have started setting up no-inventory local stores (near residential areas), facilitating online returns and in-store pickups.

- **Supply chain functioning.** Retailers are still facing multiple challenges, including lack of visibility into supplier inventory, inability to accurately forecast local consumer demand and employee absenteeism caused by illness or staggered working setups. They are also struggling to ramp up transport capacity to meet the sharp increase in online demand, flex in response to a disproportionate and skewed demand (non-discretionary vs discretionary items), and make up for a shortage of raw materials, ingredients and components caused by delays in international shipments. Therefore, functional silos need to evolve into an interconnected dynamic network, thereby enabling a greater degree of collaboration, eliminating inefficiencies, generating real-time data for holistic decision-making, and infusing a greater degree of transparency across functions.

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This inaugural report on the retail software and services industry examines some key software and services areas, where there are enough vendor and provider activities and developments taking place to enhance existing and add new solutions to retailers' repertoire, thereby enabling them to combat the new dynamics originating from the COVID-19 pandemic.

E-Commerce Platforms

In this quadrant, ISG has evaluated leading e-commerce software vendors in the U.S. region. There are several similarities in terms of the product roadmap of these vendors. Many are offering cloud-based offerings with the underlying proposition of headless commerce and microservices, allowing a greater degree of customization, configuration and quick time to market. Vendors are taking an API- and mobile-first approach to platform building. Also, many new and out-of-the-box functionalities are being offered such as promotions, recommendation engines, progressive web applications (PWAs) and loyalty programs. A significant amount of effort and investments are going into using machine learning (ML) to obtain a 360-degree view of the customer.

Adobe (Magento), Oracle, SAP and Salesforce are positioned as leaders in this quadrant.

Merchandise Planning And Management

In this quadrant, ISG has evaluated leading software vendors offering merchandise planning and management solutions. Retail planning plays a pivotal role in ensuring that the cross-channel demand is aligned with a retailer's supply chain. In 2020, as the pandemic started spreading its tentacles far and wide, retailers started facing challenges associated with the planning for skewed and unforeseen demand. This was mainly because the historic demand analysis became ineffectual and the real-time demand for inventory was vigorously fluctuating without rationale patterns that could have been based on seasonality, consumption habits and geography. The retailers that performed well and benefited were the ones that had their merchandise systems integrated with other supply chain systems. For example, SAP S/4HANA Retail for merchandise management enterprise resource planning (ERP) acts as the core for both the Merchandise module and the Supplier module, thereby ensuring that there is a common data stream for the retailer to have greater real-time visibility and adapt to the supply-demand see-saw.

Oracle, RELEX, SAP and SAS emerged as leaders and **Logility** is selected as the Rising Star in this quadrant.

Retail Transformation Services

This quadrant focuses on established and prominent IT service providers undertaking retail transformation work. Investments are being made in integrating omnichannel, managing merchandise and enhancing the customer experience (CX) in digital stores. Moreover, retailers are experimenting with technologies such as algorithmic retailing,

artificial intelligence (AI) and the Internet of Things (IoT) for better inventory tracking, workforce enablement, shrinkage prevention and operational planning. Generally, for service providers, a retail transformation engagement necessitates applying a combination of various technologies at different nodes to achieve a significant and measurable business impact and simultaneously can provide a distinct advantage to the retailer, which its current business model is failing to achieve. IT service providers are working on a variety of areas across the retail spectrum to achieve scalable and hyperpersonalized e-commerce, a great store CX, store operations management, workforce enablement, agile supply chain and an automated back office. Unlocking the potential of (physical) stores and integrating them with the e-commerce platform is currently the biggest digital transformation opportunity for every service provider.

Capgemini, Cognizant, HCL, Infosys, TCS and Wipro are positioned as Leaders and **UST** as a Rising star in this quadrant.

Platform Migration Services

Providers that offer migration and replatforming services to retailers are evaluated in this quadrant. There are three visible trends in this space:

- At the infrastructure level, retailers are moving from traditional hosting to one of the cloud hyperscalers – AWS being a front-runner followed by Microsoft Azure in the majority of cases.

- At a platform level, retailers are trying to migrate from on-premises versions to Software-as-a-Service (SaaS)-based platforms. Regular updates, server-side maintenance being taken care of by the vendor, consumption-based pricing, and ability to scale up

and scale down in real time are some of the primary reasons behind this move. A lot of cross-movement is happening across technology ecosystems. For example, retailers are moving from Oracle ATG on-premises to Salesforce Commerce Cloud, although Oracle has come up with its own commerce cloud solution.

- A few large retailers are moving away from packaged technology offerings and investing in developing their own microservices-enabled platforms. Not getting entangled in a technology ecosystem, shaping the product from scratch to match their business model and having complete control of the environment seem to be some of the driving factors.

Capgemini, Cognizant, Infosys, and Wipro are positioned as leaders in this quadrant.

Managed Services

Managed services providers undergird the retailer IT environment. Managed services are often underestimated and downplayed, whereas there's a tremendous level of innovation and improvisation happening in this space. It is no longer restricted to vanilla infrastructure, app, and network management, rather it has morphed into a space where retailers are relying on service providers to enable digital experience monitoring, AIOps, and intelligent automation. Moreover, the primary managed service provider is often the preferred partner to kick-start the retail transformation journey. In the same vein, many leading providers have developed retail exclusive platforms, frameworks, and accelerators to manage and modernize different retail cross-channel touchpoints.

Capgemini, Cognizant, HCL, Infosys, TCS, Wipro emerged as the leaders.

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Introduction

Simplified Illustration

Retail Software and Services 2021	
Software	Services
Ecommerce Platforms	Retail Transformation Services
	Platform Migration Services
Merchandise Planning & Management Software	Managed Services

Source: ISG 2021

Definition

The retail software market primarily comprises the following broad categories – supply chain management, warehouse management, merchandise planning and management, digital commerce, ERP, customer relationship management (CRM), order management, and fulfillment. On the other hand, the services market comprises point solutions in each of the aforementioned areas, DevOps integration, transformation services, platform migration and managed IT services. This ISG Provider Lens™ study focuses on some of the most sought-after software and services in the retail space.

Definition (cont.)

This ISG Provider Lens™ study entails the following:

- A U.S. and U.K.-centric view of leading vendors, rising stars and contenders in different areas of enterprise retail.

- A differentiated positioning of software companies by segments, which include e-commerce platforms, merchandise planning and management.

- A differentiated positioning of providers by segments such as retail transformation, managed services and platform migration.

- Insights around the strengths and weaknesses of relevant providers for each segment.

This study would serve as an important decision-making basis for market positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients leverage information from these reports to evaluate their current vendor relationships and potential new engagements.

Scope of the Report

This ISG quadrant study on the retail industry comprises the following five quadrants:

Ecommerce Platforms: The digital commerce platforms are continuously evolving to add more functionalities (such as out-of-the-box loyalty programs), offer more flexible pricing models, become more scalable, and provide a high degree of customization and support. Product search and selection have become user-friendly through visual search feature, digital stylists and chatbot recommendations. A full-fledged e-commerce platform typically includes the following out-of-the-box functionalities: profile, promotion, cart, checkout, storefront, inventory, content, catalog and pricing.

Definition (cont.)

Merchandise Planning and Management: Vendors of merchandise management software are enhancing their offerings by adding automation and AI capabilities, giving retailers the ability to better estimate demand, having a more optimized assortment set (both in the store and at the digital storefront), and devising better pricing strategies for improved topline performance. Some of the key components of this software include demand forecast, campaign planning, customer segmentation, inventory planning, replenishment planning, pricing strategies, assortment capabilities and allocation.

Retail Transformation Services. Retail transformation activities revolve around omni-channel integration, migration to the cloud, digitization of the supply chain, warehouse automation solutions, and the application of sentient tools with data at their core to support these shifts in the retail ecosystem. IT service providers are working on various areas across the retail spectrum to achieve scalable and hyperpersonalized e-commerce, a great store CX, store operations management, workforce enablement, agile supply chain and an automated back office.

Platform Migration Services. As retailing models change and retailer organizations grow and evolve, replatforming services are required to fulfill the ongoing business requirements of a unified platform and the adoption of new software ecosystems. The providers engaged in these services need to keep themselves updated regarding the latest and greatest version of vendor platforms and develop capabilities around modern enterprise architecture concepts such as cloud-native architectures, application programming interface (API) economy and microservices. The strength of such players lies in the capability to work across various vendor ecosystems such as Oracle, SAP and Salesforce.

Managed Services. Managed services providers offering network, infrastructure and application maintenance services undergird the retailer IT environment. They are primarily driven toward innovation to find the right balance, become more efficient in operations, and yet be able to reduce the cost.

Provider Classifications

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and 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 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 fall 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 therefore have some potential to optimize their portfolio and increase their attractiveness.

Contender

Contenders still lack mature products and services or sufficient depth and breadth in their offering, but also show some strengths and improvement potential in their market cultivation efforts. These vendors are often generalists or niche players.

Provider Classifications (cont.)

Each ISG Provider Lens™ quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star. Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Rising Star

Companies that receive the Rising Star award have a promising portfolio or the market experience to become a leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market. This award is only given to vendors or service providers that have made significant progress toward their goals in the last 12 months and are expected to reach the Leader quadrant within the next 12-24 months due to their above-average impact and strength for innovation.

Not In

The service provider or vendor was not included in this quadrant. There might be one or several reasons why this designation is applied: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not qualify due to market share, revenue, delivery capacity, number of customers or other metrics of scale to be directly compared with other providers in the quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer this service or solution, or confer any other meaning.

Retail Software and Services - Quadrant Provider Listing 1 of 3

	Ecommerce Platforms	Merchandise Planning & Management Software	Retail Transformation Services	Platform Migration Services	Managed Services
Adobe (Magento)	● Leader	○ Not In	○ Not In	○ Not In	○ Not In
Atos	○ Not In	○ Not In	● Market Challenger	● Market Challenger	● Market Challenger
BigCommerce	● Market Challenger	○ Not In	○ Not In	○ Not In	○ Not In
Blue Yonder	○ Not In	● Market Challenger	○ Not In	○ Not In	○ Not In
Capgemini	○ Not in	○ Not In	● Leader	● Leader	● Leader
Cognizant	○ Not In	○ Not In	● Leader	● Leader	● Leader
commercetools	● Market Challenger	○ Not In	○ Not In	○ Not In	○ Not In
Compucom	○ Not In	○ Not In	○ Not In	○ Not In	● Contender
eInfochips	○ Not In	○ Not In	● Contender	○ Not In	● Contender
Elastic Path	● Contender	○ Not In	○ Not In	○ Not In	○ Not In
Episerver	● Market Challenger	○ Not In	○ Not In	○ Not In	○ Not In
Genpact	○ Not In	○ Not In	● Market Challenger	○ Not In	● Market Challenger

Retail Software and Services - Quadrant Provider Listing 2 of 3

	Ecommerce Platforms	Merchandise Planning & Management Software	Retail Transformation Services	Platform Migration Services	Managed Services
HCL	○ Not In	○ Not In	● Leader	● Leader	● Leader
Hexaware	○ Not In	○ Not In	● Product Challenger	○ Not In	○ Not In
Infor	○ Not In	● Product Challenger	○ Not In	○ Not In	○ Not In
Infosys	○ Not In	○ Not In	● Leader	● Leader	● Leader
Infosys (Skava)	● Product Challenger	○ Not In	○ Not In	○ Not In	○ Not In
LiveArea	○ Not In	○ Not In	● Contender	● Contender	● Contender
Logility	○ Not In	● Rising Star	○ Not In	○ Not In	○ Not In
Manhattan Associates	○ Not In	● Market Challenger	○ Not In	○ Not In	○ Not In
Manthan	○ Not In	● Product Challenger	○ Not In	○ Not In	○ Not In
Mindtree	○ Not In	○ Not In	● Product Challenger	● Contender	● Product Challenger
Oracle	● Leader	● Leader	○ Not In	○ Not In	○ Not In
RELEX	○ Not In	● Leader	○ Not In	○ Not In	○ Not In

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Retail Software and Services - Quadrant Provider Listing 3 of 3

	Ecommerce Platforms	Merchandise Planning & Management Software	Retail Transformation Services	Platform Migration Services	Managed Services
Salesforce	● Leader	○ Not In	○ Not In	○ Not In	○ Not In
SAP	● Leader	● Leader	○ Not In	○ Not In	○ Not In
SAS	○ Not In	● Leader	○ Not In	○ Not In	○ Not In
Shopify	● Market Challenger	○ Not In	○ Not In	○ Not In	○ Not In
Softtek	○ Not In	○ Not In	● Contender	○ Not In	● Contender
Synoptek	○ Not In	○ Not In	○ Not In	○ Not In	● Market Challenger
TCS	○ Not In	○ Not In	● Leader	● Leader	● Leader
Tech Mahindra	○ Not In	○ Not In	● Contender	● Contender	● Product Challenger
ThoughtWorks	○ Not In	○ Not In	● Product Challenger	○ Not In	○ Not In
Trianz	○ Not In	○ Not In	● Contender	○ Not In	● Contender
UST	○ Not In	○ Not In	● Rising Star	● Product Challenger	● Product Challenger
Wipro	○ Not In	○ Not In	● Leader	● Leader	● Leader

Retail Software and Services

ENTERPRISE CONTEXT

Ecommerce Platforms

This quadrant report is relevant to retailers for evaluating vendors of ecommerce platforms. In this report, ISG highlights the current market positioning of ecommerce platform vendors and how each offering addresses scalability, agility, customer experience (CX) and support imperatives.

Based on ISG's work with more than 90 leading retailers globally, there are four core expectations that a retailer has from an ecommerce platform. First, the platform should be able to scale its components based on need; for example, the ability to increase the processing volume during the holiday season. Second, the introduction of new features or changes in the existing functionality should be quick. For example, moving from a multi-step, multi-page checkout to single page checkout or adding new functionality (like a 'pay later' payment option) should take place in a few weeks and not months. Third, the platform should allow for or, even better, have in-built personalization capabilities; for example, customized homepages for different shoppers based on their profile, browsing history, recent purchases, market trends, et al. Lastly, there must be adequate and direct community support for quick issue resolutions on the platform.

ISG has considered the aforementioned factors while rating different vendors on this quadrant. Additionally, it assessed their current clientele, external reviews, ease of implementation, release and upgrade frequencies, and out-of-the-box functionalities to arrive at the final placements in the quadrant.

Sourcing, procurement and vendor management professionals should read this report to develop a fair understanding of the current landscape of ecommerce platform vendors in the region.

Technology leaders and CTOs should refer to the report to understand the technology, improvements and support offered by various vendors of ecommerce software platforms.

CX, marketing and branding leaders should read the report to understand out-of-the-box features such as data orientation, personalization and customization aspects of these ecommerce platforms.

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ECOMMERCE PLATFORMS

Definition

The digital commerce platforms are continuously evolving to add more functionalities (such as out-of-the-box loyalty programs), offer more flexible pricing models, become more scalable and provide a high degree of customization and support. Product search and selection have become user-friendly through visual search feature, digital stylists and chatbot recommendations. A full-fledged e-commerce platform typically includes the following out-of-the-box functionalities: profile, promotion, cart, checkout, storefront, inventory, content, catalog and pricing.

Retail Software and Services Ecommerce Platforms — 2021 U.S.
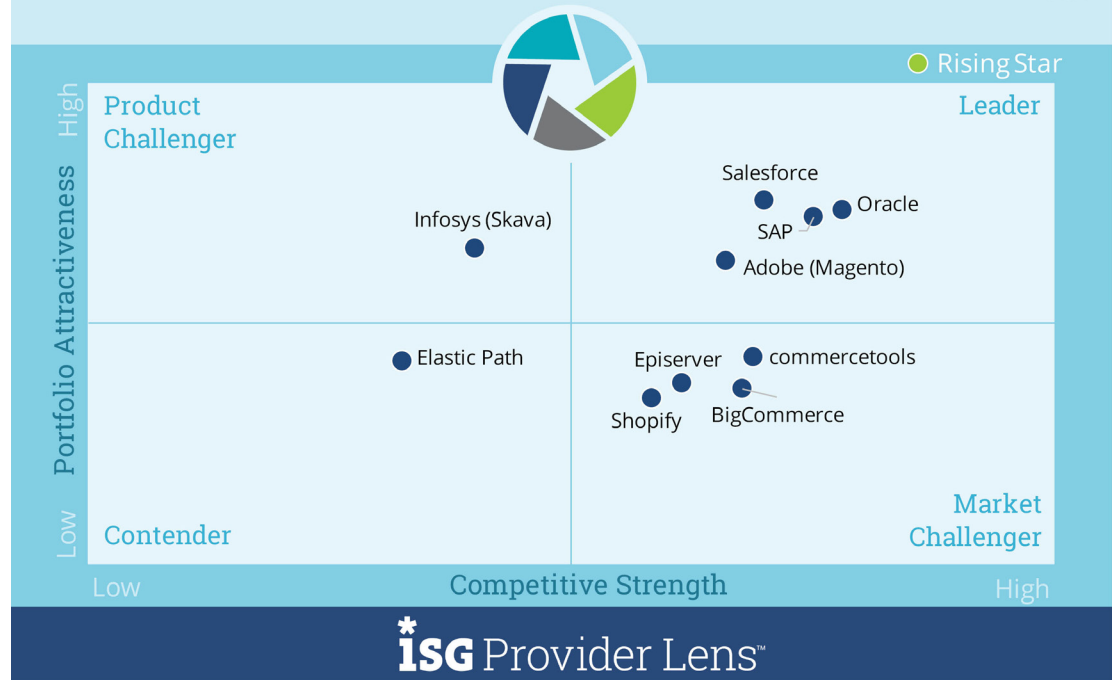
Source: ISG Research 2021

ECOMMERCE PLATFORMS

Eligibility Criteria

Eligible vendors (and their solutions) are evaluated on the following parameters:

- Product/platform out-of-the-box functionalities;

- Ability to integrate with other platforms such as marketing management software, CRM and service cloud;

- Positioning and planning:

  - Roadmap development (version upgrades) and adaptation;

  - Platform strategy development;

  - Platform strategy execution;

- Cost and effort of maintaining the website (self-managed vs hosted solution);

- Database management, networking and infrastructure monitoring support;

- Support provided (direct support and community support) and number of cartridges available;

- Overall vendors' ecosystem and how it bodes with the e-commerce platform;

- Ability to rapidly scale up/scale down and load management;

- Interoperability (via APIs) with order, customer, content and product functionality;

- Number of implementations;

- Current transaction volume;

- Revenue;

- Add-on module availability such as shipping and order management;

- Marketplace extensions;

- Technology partnerships;

- Developer and system integrator ecosystem.

ECOMMERCE PLATFORMS

Observations

- **Magento** from Adobe has the highest number of third-party extensions and provides a high degree of customization.

- **Oracle** Commerce Cloud is a highly scalable product that offers multiple out-of-the-box modules with multiple deployment options.

- **Salesforce** Commerce Cloud is an easy maintenance commerce platform that can easily integrate with other Salesforce products and has top-notch direct/community support.

- **SAP** has strong Product Information Management (PIM) underpinnings and has many AI-powered functionalities.

ENTERPRISE CONTEXT

Merchandise Planning and Management Software

This quadrant report is relevant to retailers for evaluating vendors that offer merchandise planning and management software. In this report, ISG highlights the current market positioning of merchandise planning and management software vendors and how each offering aids in merchandising planning, assortment operations, financial planning, replenishment, inventory management and demand forecasting.

By leveraging merchandise planning and management systems, retailers are primarily aiming to reduce unplanned markdowns, minimize revenue loss due to stock-outs, manage open-to-buy budgets, reduce in-store inventory time, improve merchandising full-time employee (FTE) productivity, increase inventory turnover and lower store operating costs. Some software also come with inbuilt pricing intelligence algorithms, campaign management and customer segmentation capabilities. Over the years, these software have become smarter through continuous boosts in computing power, allowing for better, faster and more accurate analytics. The vendors that did well in this quadrant are those that have modeled their software with data intelligence at the core.

ISG has considered the aforementioned factors while rating different vendors on this quadrant. Additionally, it assessed their current clientele, external reviews, ease of implementation, release and upgrade frequencies, and out-of-the-box functionalities to arrive at the final placements in the quadrant.

Sourcing, procurement and vendor management professionals should read this report to develop a fair understanding of the current landscape of merchandise planning and management vendors in the region.

Technology leaders and CTOs should refer to the report to understand the technology, improvements and support offered by various vendors of merchandise planning and management software.

Retail planning professionals should read the report to understand out-of-the-box features such as customer segmentation, financial planning, assortment planning and pricing intelligence offered by leading merchandise planning and management software.

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MERCHANDISE PLANNING AND MANAGEMENT SOFTWARE

Definition

Vendors of merchandise management software are enhancing their offerings by adding automation and AI capabilities, giving retailers the ability to better estimate demand, have a more optimized assortment set (both in the store and at the digital storefront) and devise better pricing strategies for improved topline performance. Some of the key components of this software include demand forecast, campaign planning, customer segmentation, inventory planning, replenishment planning, pricing strategies, assortment capabilities and allocation.

Retail Software and Services
Merchandise Planning and Management Software

2021 U.S.

Source: ISG Research 2021

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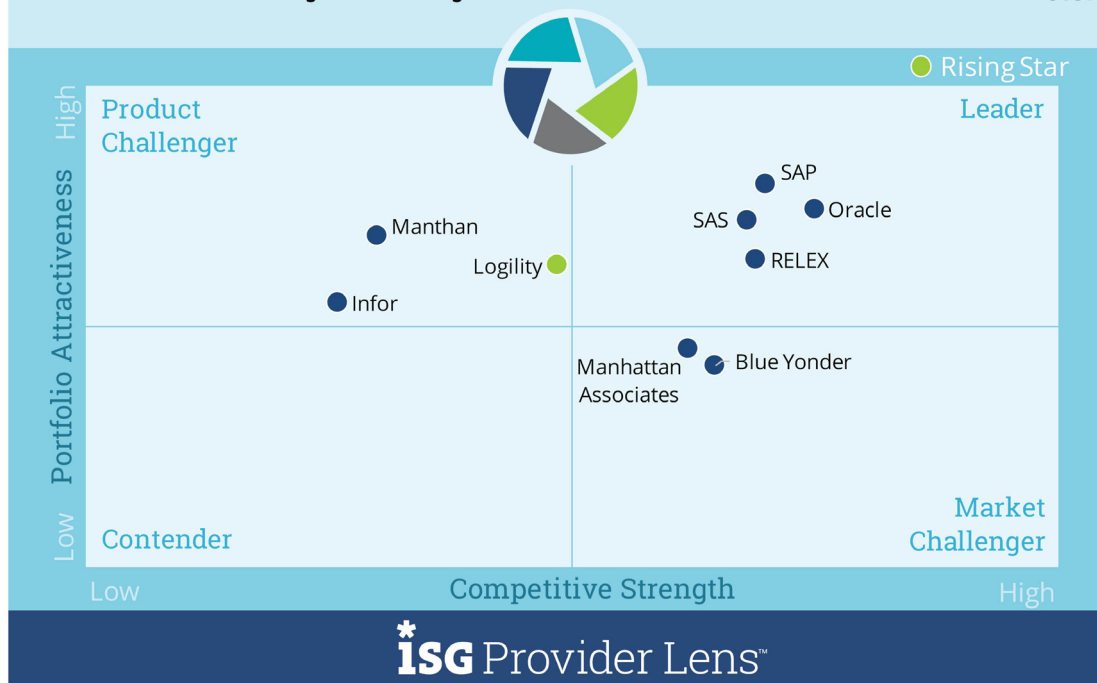
MERCHANDISE PLANNING AND MANAGEMENT SOFTWARE

Eligibility Criteria

Eligible vendors (and their solutions) are evaluated based on the following parameters:

- Software attributes (features, functionalities and characteristics);

- Continuous inventory planning;

- Data analytics;

- AI and automation capabilities;

- Demand forecast and management;

- Segmentations;

- Assortment capabilities;

- Implementation experience;

- Product strategy and ongoing enhancement roadmap;

- Recent innovation;

- Sales and regional customers;

- Delivery channels and partnership ecosystem;

- Integration capabilities (plug-ins and libraries);

- Hosting capabilities.

MERCHANDISE PLANNING AND MANAGEMENT SOFTWARE

Observations

- **Oracle's** retail planning products offer strong planning capabilities. Pricing intelligence and customer insights form some of its core strengths.

- **RELEX's** Living Retail Platform offers a unified approach to retail optimization and is business-user friendly. The acquisition of Galleria RTS and Zenopt has accentuated the product's capabilities.

- **SAP's** suite of merchandise and assortment planning solutions offers an integrated planning approach, coupled with omnichannel pricing and promotions.

- **SAS'** Intelligent Planning suite has strong analytics underpinnings. It is a highly scalable platform with an automated workflow design.

- **Logility's** Merchandise and Assortment Planning product is equipped with omnichannel capabilities, has a sophisticated allocation engine and can efficiently plan and manage high volumes. In addition, It has a mature support ecosystem.

ENTERPRISE CONTEXT

Retail Transformation Services

This quadrant report is relevant to retailers for evaluating providers that are engaged in retail transformation services. In this report, ISG highlights the current market positioning of these providers and assesses their competency in connecting, modernizing and transforming various elements of the retail value chain, including CX in physical and digital stores, store management and operations, and supply chain.

- CX in physical and digital stores. Numerous technologies are enabling retailers to achieve greater levels of customer centricity and operational efficiency with regards to the store model. For the online channel, retailers are seeking to offer features such as visual search, hyper-personalized product recommendations, easy checkouts and fast deliveries. On the other hand, in the physical store, they are resorting to virtual shelves, instore navigation, digital kiosks for product search, automated shopping carts and beacons for product search and discoverability; virtual try-on, magic mirrors, augmented reality, AI-aided personalization for product selection; shelf-edge technology for product pricing; kiosk-based or app-based checkouts for payments and checkout. The objective is to simplify and exemplify the CX on both store fronts.

- Store management and operations. Technologies such as in-store inventory tracking, associate wearables, artificial intelligence (AI)-enabled object detection for shrinkage pre-vention, algorithmic retailing for operational planning and shelf monitoring are helping retailers to explore ways of making store associates, store spaces and store processes more efficient and intelligent. The objectives are twofold. First, retailers aim to be better prepared and more efficient in serving store customers. Second, they want to achieve personalization and explore new sales opportunities through data intelligence.

- Supply chain. Retailers have been grappling with the growing real estate costs, steadily rising labor costs and diminishing profits. They are investing in various technologies to control costs across supply chain processes and become more agile at the same time. For example, investments in Internet of Things (IoT)-enabled automated logistics monitoring help drive down delivery costs by 10-20 percent and labor costs by 20-30 percent.

ISG has considered the aforementioned factors while rating different service providers on this quadrant. Additionally, it assessed their current clientele, practice maturity, use cases and quality of offerings to arrive at the final placements in the quadrant.

Sourcing, procurement and vendor management professionals should read this report to develop a fair understanding of the current landscape of providers engaged in retail transformation engagements.

CIOs, CDOs and technology Leaders should refer to the report to understand the scope of ongoing digital initiatives, technology capabilities, roadmaps and value proposition of providers.

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RETAIL TRANSFORMATION SERVICES

Definition

Retail transformation activities revolve around omnichannel integration, migration to the cloud, digitization of the supply chain, warehouse automation solutions and the application of sentient tools with data at their core to support these shifts in the retail ecosystem. IT service providers are working on various areas across the retail spectrum to achieve scalable and hyper-personalized e-commerce, a great store CX, store operations management, workforce enablement, agile supply chain and an automated back office.
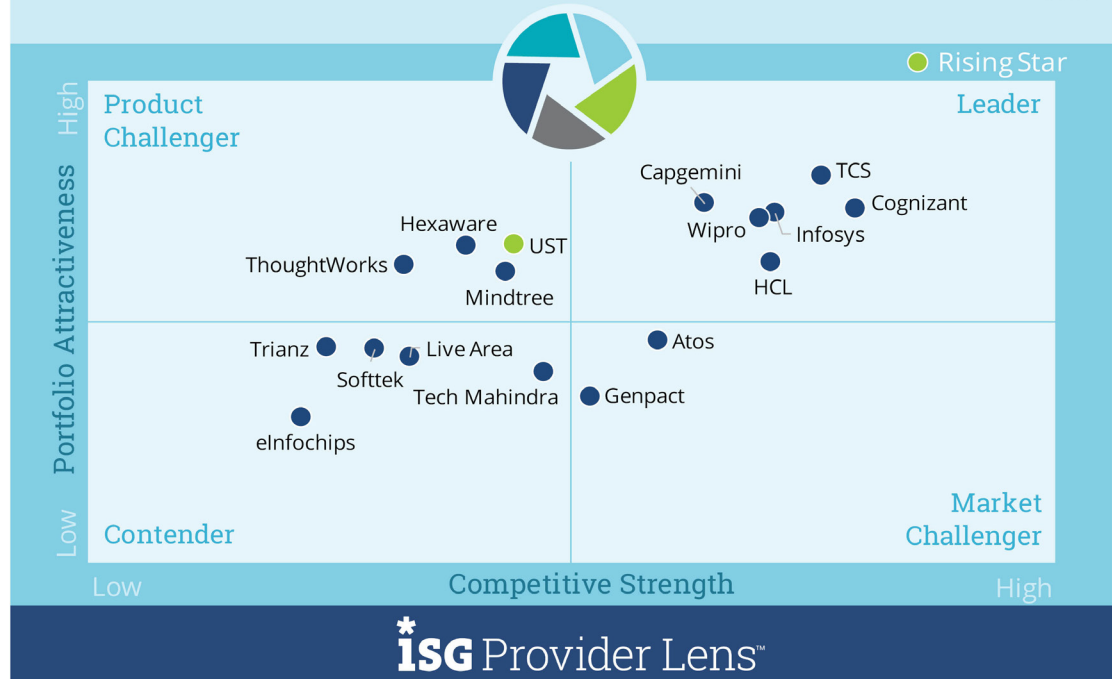
Source: ISG Research 2021

RETAIL TRANSFORMATION SERVICES

Eligibility Criteria

Eligible providers would be evaluated based on the following parameters:

- Experience in applying digital technologies across various functions, including e-commerce, store front-end, store operations, supply chain and back-end operations;

- Experience in the integration and implementation of advanced technologies such as:

  - Use of sensor technology and AI for better store management (stock replenishment and inventory management);

  - Digitizing the supply chain by integrating technologies such as algorithmic retailing, IoT and automation;

- Proprietary framework and solution assessment leveraging digital technologies;

- Use cases assessment;

- Revenue, growth and customer base;

- Strategy and vision;

- Partnerships (with start-ups, technology vendors and academia);

- Practice maturity;

- Investment and innovation;

- Commercial models on offer;

- Regional presence and support.

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RETAIL TRANSFORMATION SERVICES

Observations

- **Capgemini** has developed several delivery frameworks and solution accelerators with a selective focus on certain retail segments.

- **Cognizant** has retail exclusive solutions across the spectrum and deep domain expertise. A lot of recent acquisitions have increased its value proposition.

- **HCL** has extensive experience across retail functions and has built robust solutions and accelerators. It offers flexible commercial models.

- **Infosys** has rich retail experience and offers bespoke commerce models of engagement.

- **TCS'** algorithmic retailing framework and a vast network for product innovation are some of its key strength areas.

- **Wipro** has varied retail experience and has developed several retail exclusive platforms and accelerators.

- **UST** has retail tech experience in emerging areas and has a large team of retail experts.

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COGNIZANT

Overview

Cognizant, headquartered in New Jersey, generates an estimated US$750 million in annual revenue from retail transformation engagements in the country. According to ISG estimates, in the past five years, the provider has witnessed a year-over-year growth of around 15 percent. It has an estimated 120 retail transformation clients in the U.S. served by a global pool of 18,000 FTEs.

Strengths

Retail exclusive solutions across the spectrum: Cognizant has built several frameworks and accelerators to improve retailers' speed-to-market. Some highlights include Propel Commerce (enables the acceleration of online commerce revenue), One OMS (cloud-based order management built over IBM platform), Smart and Safe Stores (leverages IoT, analytics and AI to provide contactless payments, virtual try-on, online store assortment, social distancing tracker and health/hygiene dashboards).

Deep domain expertise: Cognizant has over 300 domain consultants, globally, with a strong mix of industry experts. It has three innovation labs in the U.S. and one in India that support retail engagements that include robotics, AI and analytics. Also, through its "theMarkt" innovation lab, Cognizant engages with retailers for the co-development of solutions.

Acquisitions have strengthened the digital proposition: Cognizant's recent acquisitions, spanning digital engineering, IoT, data and analytics, and cloud have bolstered its delivery capability. Some of the key acquisitions include Magenic (digital engineering), Servian (data and AI), Linium (cloud), Inawisdom (AI/ML), Bright Wolf (IoT), Tin Roof (digital engineering), 10th Magnitude (cloud), New Signature (cloud), Lev (digital marketing), Code Zero (cloud), Contino (DevOps and cloud transformation), Sentient Leaf (AI) and Softvision (digital product engineering).

Caution

Strengthen a few key areas: Cognizant should focus on further strengthening its offerings in areas such as experiential commerce.

2021 ISG Provider Lens™ Leader

Cognizant's retail-exclusive solution accelerators and digital capabilities augmented through a series of acquisitions make it a very strong player in this space.

ENTERPRISE CONTEXT

Platform Migration Services

This quadrant report is relevant to retailers for evaluating providers that are engaged in platform migration services. In this report, ISG highlights the current market positioning of these providers and assesses their competency in implementing various software and platforms across various retail categories and segments.

The report examines the implementation and re-platforming experience and performance of multiple service providers. It examines the work done and capabilities developed across various packaged technologies from leading software vendors such as SAP, Oracle, IBM and Adobe across retail categories, including ecommerce platforms, warehouse management systems, retail planning, order management, supply chain suites and point of sale (POS). Providers are also assessed on their ability to develop bespoke retail platforms, underpinned by concepts such as microservices, application programming interface (API) economy and cloud-native architectures that cater to specific retail requirements. Retailers, through the implementation of these platforms across their value chain, can eliminate silos, streamline and automate processes, and interconnect the various touchpoints.

ISG has considered the aforementioned factors while rating different service providers in this quadrant. Additionally, it assessed their current clientele, practice maturity, use cases and quality of offerings to arrive at the final placements in the quadrant.

Sourcing, procurement and vendor management professionals should read this report to develop a fair understanding of the current landscape of providers engaged in platform migration services.

COOs and technology Leaders should refer to the report to understand the scope of ongoing platform initiatives, technology capabilities, roadmaps and value proposition of the providers.
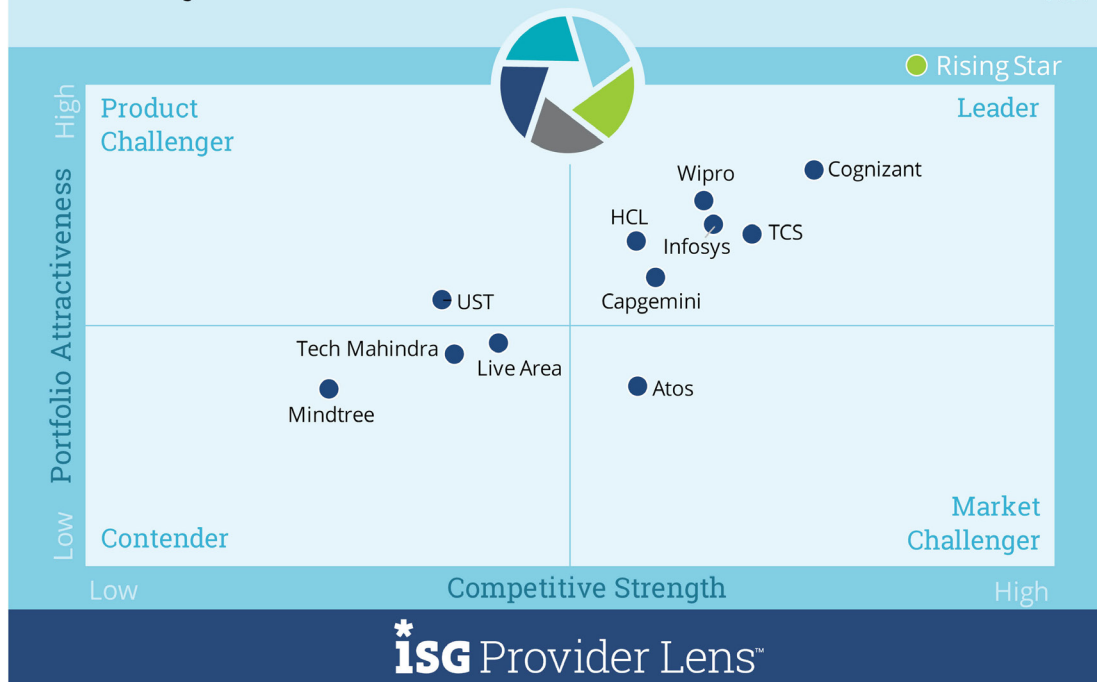
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PLATFORM MIGRATION SERVICES

Definition

As retailing models change and retailer organizations grow and evolve, re-platforming services are needed to fulfill the ongoing business requirements of a unified platform, along with the adoption of new software ecosystems. The providers engaged in these services need to keep themselves updated regarding the latest and greatest version of vendor platforms and develop capabilities around modern enterprise architecture concepts such as cloud-native architectures, API economy and microservices. The strength of such players lies in the capability to work across various vendor ecosystems such as Oracle, SAP and Salesforce.

Retail Software and Services
Platform Migration Services

2021
U.S.

Product Challenger · Leader · Market Challenger · Contender · Rising Star

Portfolio Attractiveness (Low–High) · Competitive Strength (Low–High)

Cognizant · Wipro · HCL · Infosys · TCS · Capgemini · UST · Tech Mahindra · Live Area · Mindtree · Atos

Source: ISG Research 2021

PLATFORM MIGRATION SERVICES

Eligibility Criteria

- Solution consulting/solution assessment approach;

- Experience across vendor ecosystems such as SAP, Oracle and Salesforce;

- New software implementation and re-platforming capabilities;

- Capability to implement microservices-based architectures;

- Cloud migration capabilities;

- Understanding of cost dynamics, process changes and third-party integrations;

- Data migration competence and experience of partnerships (vendor partnerships);

- Technical expertise (certifications and average employee experience);

- Revenue, growth and customer base;

- Practice maturity;

- Accelerators built for popular platforms;

- Regional presence and support;

- Use cases.

PLATFORM MIGRATION SERVICES

Observations

- **Capgemini** is an end-to-end platform migration provider and has an extensive partner ecosystem.

- **Cognizant** has built tools and accelerators across all major technology ecosystems and offers tailor-made revenue models.

- **HCL** has experience in cloud-native applications, implementation experience across major software categories, and an extensive partner network.

- **Infosys** has developed industry-leading frameworks and has a vast partnership ecosystem. It also has extensive implementation experience across retail functions.

- **TCS** has deep experience in building modern enterprise architectures and provides end-to-end retail segment coverage.

- **Wipro** has extensive experience in building microservice-based commerce applications and cloud-native architectures.

COGNIZANT

Overview

Cognizant, headquartered in New Jersey, generates an estimated US$600 million in revenue annually from platform migration services offered to retailers in the U.S. According to ISG estimates, in the past five years, Cognizant has witnessed a yearly growth of more than 15 percent in its retail business. It has executed more than 1,000 re-platforming retail engagements in the U.S. Currently, an estimated global pool of 18,000 FTEs, with an average experience of nine years, supports the U.S. retail clientele.

Strengths

Cross-platform expertise: In the U.S., Cognizant has delivered more than 150 greenfield and platform modernization programs. Its technology expertise ranges from traditional platforms, such as Oracle ATG, to Cloud/SaaS platforms, such as Salesforce Commerce Cloud (SFCC), Kibo and Adobe (Magento). It has premium partnerships (technology related) across commerce, content, experience, marketing and storage categories.

Tailor-made revenue models: Cognizant has formulated multiple pricing models that can be tailored to the needs of retailers. These commercial models are offered as one or as a combination of the following: delivery unit-based, service-based, device-based, ticket-based, transaction-based, tier-based, output-based, outcome-based, fixed-fee or T&M.

Tooling across major ecosystems: Cognizant has developed domain-specific tooling across major technology platforms to expedite the time-to-value by 20 to 30 percent. For Adobe, accelerators such as Cognizant PixelPerfectUI, Cognizant Content Builder and Publisher reduce the effort for content and asset migration. Similarly, for Salesforce, Fusekit™ , a cloud-based toolkit, reduces the time taken for Salesforce configuration, deployments and data migration.

Caution

Experience in certain retail categories is limited: Cognizant's work and experience in implementing retail planning and workforce management solutions can further improve.

2021 ISG Provider Lens™ Leader

Cognizant's extensive domain-specific tooling, flexible revenue models, high-grade technology partnerships and cloud expertise make it an ideal candidate for platform migration engagements.

ENTERPRISE CONTEXT

Managed Services

This quadrant report is relevant to retailers for evaluating providers that are engaged in managed services. In this report, ISG highlights the current market positioning of these providers and assesses their competency in taking over the retailers' IT portfolio, including applications, infrastructure and network management, and managing it end to end.

Retailers are trying to eliminate manual work, streamline processes and connect different systems of engagements within their IT environment. Providers operating in this space need to have extensive knowledge, from having transition experience to successfully rationalizing and modernizing the landscape. Provider practices have matured over the years and they have come up with powerful AIOps tools and mechanisms, mature frameworks and newer commercial models to help retailers effectively run their operations on a daily basis. Retailers are advised to work with providers that can help them envision their future operating model, underpinned by automation, digital levers and modern architectures and platforms.

ISG has considered the aforementioned factors while rating different service providers on this quadrant. Additionally, it assessed their current clientele, practice maturity, use cases and quality of offerings to arrive at the final placements in the quadrant.
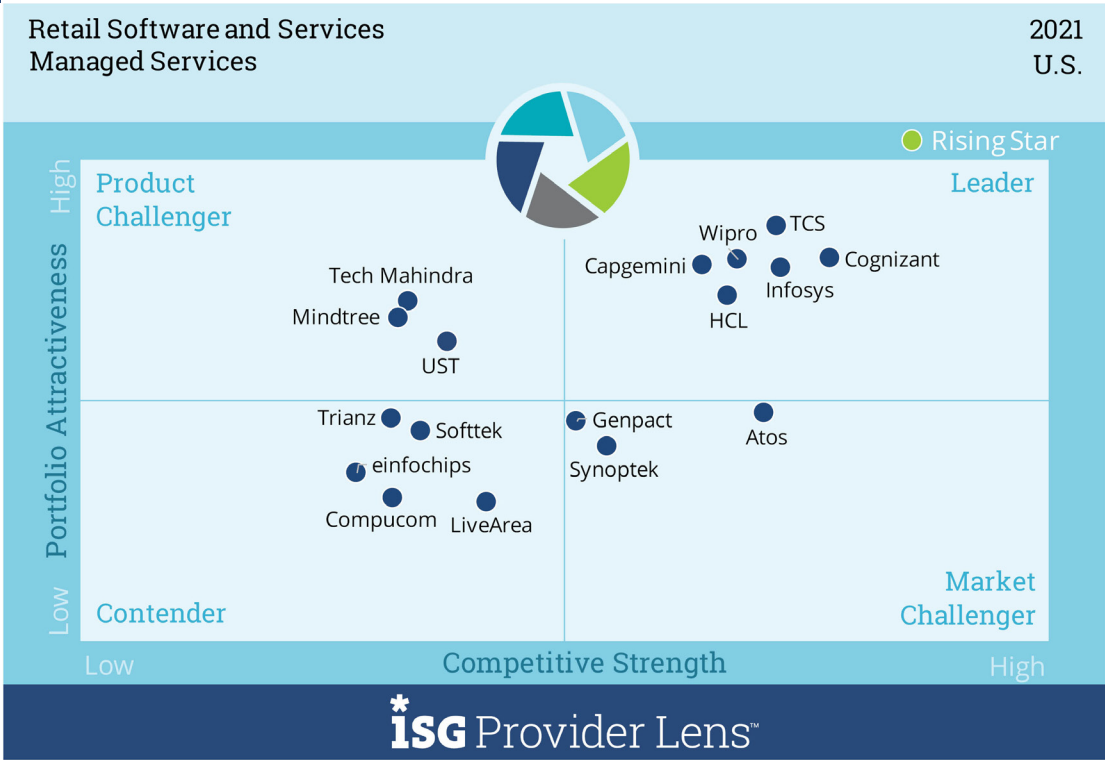
Sourcing, procurement and vendor management professionals should read this report to develop a fair understanding of the current landscape of managed services providers.

CIOs and other technology leaders should refer to the report to understand the scope of change management, emerging technology capabilities, roadmaps and value proposition of the providers.

MANAGED SERVICES

Definition

Managed service providers offering network, infrastructure and application maintenance services undergird the retailer IT environment. They are primarily driven toward innovation to find the right balance, become more efficient in operations, and yet be able to reduce the cost.

Retail Software and Services
Managed Services

2021
U.S.

Rising Star

Product Challenger

Leader

Portfolio Attractiveness

High

Low

Tech Mahindra
Mindtree
UST

Wipro · TCS
Capgemini
Infosys
HCL
Cognizant

Trianz
Softtek
einfochips
Compucom · LiveArea

Genpact
Synoptek
Atos

Contender

Market Challenger

Low   Competitive Strength   High

iSG Provider Lens™

Source: ISG Research 2021

MANAGED SERVICES

Eligibility Criteria

- Frameworks, tools and accelerators;

- Assessment of application management frameworks;

- DevOps implementation experience (continuous development, testing, integration, deployment, configuration and security);

- AIOps expertise;

- Use cases;

- Regional segment coverage and scale of operations;

- Emerging tech deployment/management;

- Deals by revenue bands;

- Technology partnerships (centers of excellence, level of partnership and accelerators developed);

- Case studies;

- Commercial models.

Observations

- **Capgemini** has industrialized managed service offerings. It offers flexible pricing models and has developed an array of solution accelerators and frameworks.

- **Cognizant** has a breadth of service offerings, is high on automation, and has developed industry-oriented and domain-specific tooling.

- **HCL** has formulated multiple retail-specific accelerators and provides extensive coverage of the retail spectrum through its offerings.

- **Infosys** offers a mature portfolio of retail-specific tooling and has a great local presence in the U.S.

- **TCS** offers strong SAP and cloud offerings. It covers the complete range of managed service offerings.

- **Wipro** has a comprehensive AIOps offering and deep technology partnerships.

COGNIZANT

Overview

Cognizant, headquartered in New Jersey, generates an estimated US$1.2 billion in revenue, annually, from managed services offered to retailers in the U.S. According to ISG estimates, in the past five years, Cognizant has witnessed a yearly growth of more than 8 percent in this segment. An estimated global pool of 18,000 FTEs provide managed services to 150 retailers in the U.S. Cognizant has 20 onshore delivery centers.

Strengths

Automation capabilities: The Cognizant Automation Center provides a flexible delivery model that offers integrated Automation-as-a-Service to retailers. It encapsulates advisory and professional services, domain-driven solutions and offerings, best-in-class platforms and third-party products.

Breadth of service offerings: Cognizant offers myriad services under its managed services portfolio, including technology strategy and roadmap, vendor/package technology selection, application portfolio rationalization, application transformation, program management, enterprise architecture program enablement, IT operating model, governance and change management, IT asset and financial management, IT cost optimization and service transformation.

Industry-oriented and domain-specific tooling: Cognizant has developed multiple retail-specific solutions to achieve continuous improvement in its ongoing retail management activities. For example, Control Tower is a dashboard that provides a real-time health view of applications and infrastructure.

Client proximity and access: Cognizant's account relationship teams consist of client partners, engagement partners, client relationship managers and consultants who are based at client locations across the world.

Caution

Many small-sized deals: The proportion of small-sized deals is, on an average, higher than seen with its competitors. A large portion of managed services clients generate less than US$5 million in revenue, annually.

2021 ISG Provider Lens™ Leader

Cognizant, with its extensive domain-specific experience and comprehensive set of services, is a one-stop solution for IT consulting, alignment, strategy, management and modernization initiatives.

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Methodology

METHODOLOGY

The research study "ISG Provider Lens™ 2021 – Retail Software And Services" analyzes the relevant software vendors/service providers in the U.S. 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. Definition of Retail Software And Services;

2. Use of questionnaire-based surveys of service providers/vendor across all trend topics;

3. 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. Detailed analysis and evaluation of services and service documentation based on the facts and figures received from providers and other sources;

6. Use of the following key evaluation criteria:
   - Strategy & vision;
   - Innovation;
   - Brand awareness and presence in the market;
   - Sales and partner landscape;
   - Breadth and depth of portfolio of services offered;
   - Technology advancements.

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Ashish Chaturvedi brings more than 11 years of experience in digital advisory, IT sourcing, technology and industry research. He is a digital expert at ISG, responsible for authoring thought leadership papers and ISG Provider Lens™ reports on application outsourcing and enterprise retail. Ashish advises senior executives on digital strategy, product planning, emerging tech and IT procurement. Ashish has authored 50+ research reports in the realm of retail technologies, digital benchmarking, enterprise applications, analytics and IT outsourcing. Ashish is a member of the IDG influencer network (cio.com).

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Partner and Global Head - ISG Provider Lens™

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, Partner and Global Head - ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

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ISG Provider Lens™ | Retail Software and Services
June 2021

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