Everest Group PEAK Matrix™ for Software Product Engineering Service Providers 2019

Focus on Cognizant

September 2019

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PEAK MATRIX™

Introduction and scope

Everest Group recently released its report titled "Software Product Engineering Services PEAK Matrix™ Assessment 2019: Engineering for the Digital World." This report analyzes the changing dynamics of the software product engineering services landscape and assesses service providers across several key dimensions.

As a part of this report, Everest Group updated its classification of 25 service providers on the Everest Group PEAK Matrix™ for software product engineering services into Leaders, Major Contenders, and Aspirants. The PEAK Matrix is a framework that provides an objective, data-driven, and comparative assessment of software product engineering service providers based on their absolute market success and delivery capability. Everest Group also identified three service providers as the "2019 software product engineering services Market Star Performers" based on the strongest forward movement demonstrated on the PEAK Matrix year-on-year.

Based on the analysis, **Cognizant emerged as a Leader**. This document focuses on **Cognizant's** software product engineering services experience and capabilities and includes:

- Cognizant's position on the Software Product Engineering Services PEAK Matrix
- Detailed software product engineering services profile of Cognizant

Buyers can use the PEAK Matrix to identify and evaluate different service providers. It helps them understand the service providers' relative strengths and gaps. However, it is also important to note that while the PEAK Matrix is a useful starting point, the results from the assessment may not be directly prescriptive for each buyer. Buyers will have to consider their unique situation and requirements, and match them against service provider capability for an ideal fit.

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Background of the research

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- Software is playing an increasingly important role in helping enterprises bring innovation across products and services. It is enabling enterprises deliver a superior user experience as well as introduce new and intelligent products to the market

- As enterprises embrace this software-led innovation, they are also looking to drive modularity, scalability, and mass customization in their software products in order to meet the evolving end-user expectations. Leveraging emerging themes such as Artificial Intelligence / Machine Learning (AI/ML) and Augmented Reality / Virtual Reality (AR/VR) to create differentiated offerings, and accelerating the time-to-market for new products and product features are also among their key priorities

- These dynamics have necessitated the adoption of new software architectures and software product engineering best practices by enterprises

- Service providers are playing a crucial role in helping enterprises adapt to the changing software product engineering landscape. Their active investments across talent capabilities, global delivery, and proprietary assets/frameworks are enabling them to effectively partner with enterprises on their software product engineering initiatives

- In this research, we present fact-based trends impacting the software product engineering services market, along with the assessment and detailed profiles of 25 software product engineering service providers featured on the software product engineering services PEAK Matrix. Each service provider profile gives a comprehensive picture of their software product engineering services vision, scale and scope of operations, key solutions, and partnerships

Scope of this report

Services
Software product engineering services

Market segment
Engineering services

Geography
Global

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Software product engineering services PEAK Matrix™ characteristics

Software product engineering services PEAK Matrix characteristics

Leaders: Accenture, Altran, Cognizant, HCL Technologies, Infosys, TCS, and Tech Mahindra

- The Leaders segment comprises IT-heritage firms that are also laying extensive focus on software product engineering as a high-growth adjacency to their traditional IT businesses

- Leaders are characterized by their ability to offer large-scale software product engineering engagements leveraging their strong project management capabilities and widespread delivery footprint

- These players lay extensive focus on keeping pace with evolving technology trends through continued investments around software development best practices and next-generation themes (internal IP/tools, partnerships, acquisitions, etc.)

- The current Leaders are going beyond standard staff-augmentation deals and exploring new engagement models with their clients, enabling them to strike deeper partnerships and offer greater value in the relationships. These models include end-to-end product carveouts and risk-reward relationships

Major Contenders: Aspire Systems, Cybage, EPAM, GlobalLogic, HARMAN Connected Services, Infogain, Mindtree, Mphasis, Persistent Systems, RapidValue Solutions, Sonata Software, Tala Elxsi, Virtusa, and Wipro

- The Major Contenders segment comprises both IT-heritage firms as well as pure-play engineering firms

- These players have built meaningful capabilities to deliver software product engineering services. However, their service portfolio is not as extensive as that of Leaders (in terms of presence across the product development value chain, proprietary assets, or delivery capability)

- However, they are making credible efforts to enhance their delivery capabilities and build more holistic portfolio of solutions/offerings
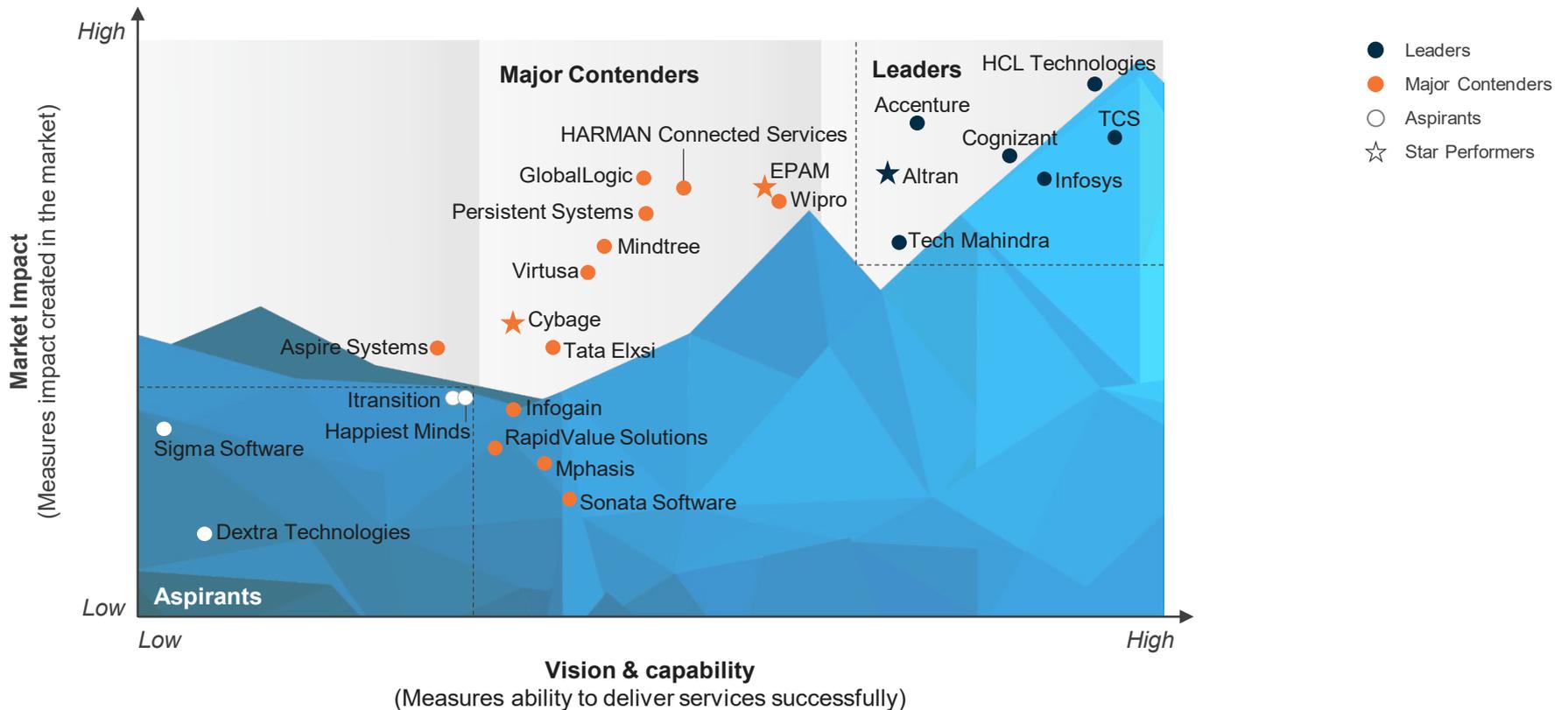
Aspirants: Dextra Technologies, Itransition, Happiest Minds, and Sigma Software

- Aspirants exhibit strong capabilities in delivering services for specific niches within software product engineering

- These players are characterized by a concentrated delivery footprint and a focused portfolio of internal IP assets in the software engineering space

- Nevertheless, these companies are actively investing in building capabilities around emerging technology themes to stay at the forefront of innovation

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Everest Group Software Product Engineering Services PEAK Matrix™ Assessment 2019

Legend:
- ● Leaders
- ● Major Contenders
- ○ Aspirants
- ☆ Star Performers

Chart labels — Major Contenders: HARMAN Connected Services, GlobalLogic, Persistent Systems, EPAM, Wipro, Mindtree, Virtusa, Cybage, Tata Elxsi, Aspire Systems, Infogain, RapidValue Solutions, Mphasis, Sonata Software

Leaders: HCL Technologies, Accenture, Cognizant, TCS, Altran, Infosys, Tech Mahindra

Aspirants: Itransition, Happiest Minds, Sigma Software, Dextra Technologies

Axes: Market Impact (Measures impact created in the market) — vertical (Low to High); Vision & capability (Measures ability to deliver services successfully) — horizontal (Low to High)

Note 1   Assessments for Accenture, Sigma Software, and Tata Elxsi exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with software product engineering services buyers

Note 2   Analysis for Altran is based on capabilities before its acquisition by Capgemini

Overview

Vision & strategy: Cognizant aims to understand customer needs through human-centric design thinking and knowledge of each industry's most important processes. It aspires to use modern development techniques to deliver intelligent products quickly to enable businesses to succeed. The focus is to enable clients realize digital transformation at scale using insights about customer behavior to build new products or to streamline existing portfolios and drive continuous innovation.

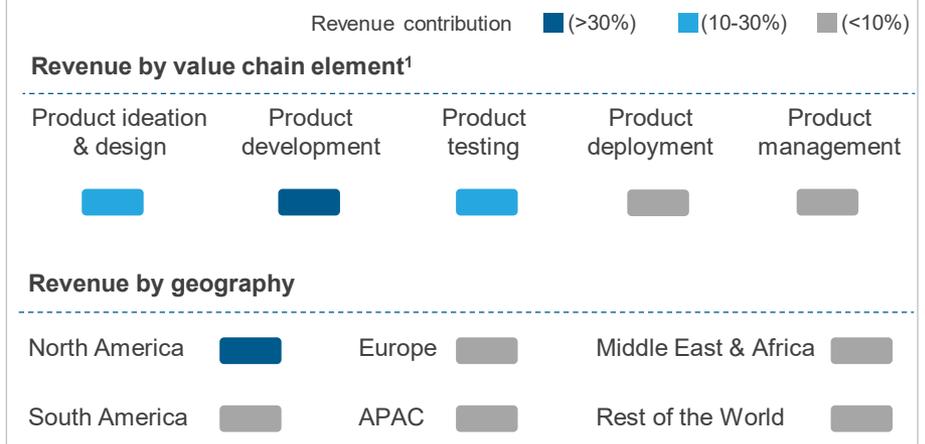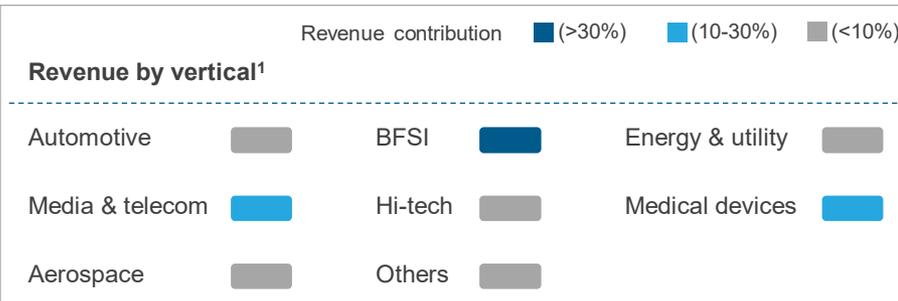**Summary of PEAK Matrix assessment**

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Scope of services offered	Innovation and investments	Delivery footprint	Vision and strategy	Overall
◔	◔	◑	◔	◔	◔	●	◔	◔

Strengths	Areas of improvement
• Superior capabilities across solutioning as well as project management, particularly contracting, niche skill onboarding, and attrition management • Strong vertical/domain knowhow is viewed as a value-add by the market • Ability to extensively leverage proprietary IP and frameworks for serving clients	• Scope for being proactive to capture adjacent opportunities in engagements • Should consider driving growth & market share in Europe and APAC regions • Needs to strengthen the governance of onshore-offshore delivery models to ensure seamless experience and low-touch project execution for clients

Software products engineering services revenue[1]

<US$200 million	US$200-500 million	**US$500 million-1 billion**	>US$1 billion

Revenue contribution ■ (>30%) ■ (10-30%) ■ (<10%)

Revenue by vertical[1]

Automotive	(<10%)	BFSI	(>30%)	Energy & utility	(<10%)
Media & telecom	(10-30%)	Hi-tech	(<10%)	Medical devices	(10-30%)
Aerospace	(<10%)	Others	(<10%)		

Revenue contribution ■ (>30%) ■ (10-30%) ■ (<10%)

Revenue by value chain element[1]

Product ideation & design	Product development	Product testing	Product deployment	Product management
(10-30%)	(>30%)	(10-30%)	(<10%)	(<10%)

Revenue by geography

North America	(>30%)	Europe	(<10%)	Middle East & Africa	(<10%)
South America	(<10%)	APAC	(<10%)	Rest of the World	(<10%)

1   Everest Group estimates

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Case studies and solutions

NOT EXHAUSTIVE

Case study 1 Assisted a telecom services company in leveraging digital technologies for advancements in business processes	
Business challenge	The client wanted to use digital technologies to drive new business capabilities in areas such as fraud assessments, customer care, and asset tracking, among others
Solution and impact	Cognizant designed and developed a host of new cloud native products and implemented DevOps principles. This resulted in new real-time assessment capabilities, especially in fraud assessment, where the agent-time spent in capturing fraudulent transactions was reduced by 30%

Case study 2 Enhanced the financial and tax preparation software for a software provider firm to enhance user experience	
Business challenge	The client wanted to transformation the product experience for its financial and tax preparation software by enabling self-service, improving first-use experience, and enhancing operational capabilities
Solution and impact	Cognizant provided an end-to-end platform engineering solution for the SaaS-based consumer and Small & Mid-sized Business (SMB) products. This helped improve Net Promoter Scores (NPS), enhance scalability, and reduce the per user cost by 60%. Improved product stability with proactive monitoring and resolution further enhanced the product experience

Key proprietary solutions (representative list)	
Solution	**Details**
Cognizant BigDecisions	A platform that enables organizations to meet dynamic business demands through business intelligence and analytics
Cognizant COSMOS	A development platform for end-to-end design and implementation of microservices
Cognizant HiveCenter	An automation ecosystem that leverages domain and process expertise along with proprietary and third-party platforms and products
Cognizant OneDevOps	A platform-based solution that delivers enterprise DevOps through a suite of software assets
Cognizant VSM	An automated application analyzer to accelerate cloud-native transformation initiatives
Cognizant's Zero Deviation Life Cycle (ZDLC)	A business cloud solution that reverse-engineers process flows, data lineage, and business rules from running systems and automatically captures the business' operational user-interface activity to align it together

Source: Everest Group (2019)

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Investments and partnerships

Key alliances and partnerships (representative list)	
Partner name	**Details**
Amazon Web Services (AWS)	Cognizant is a premier consulting partner for AWS, an AWS channel reseller, an AWS managed services partner, an AWS Migration Acceleration Program (MAP) partner, and an AWS marketplace reseller
IBM	Cognizant is an IBM premier business partner and a global and major system integrator partner
Microsoft	Cognizant is a Microsoft gold-certified partner, Windows Azure platinum partner, and gold cloud platform partner
Oracle	Cognizant is an Oracle platinum partner, offering a channel partner program that provides resources and benefits for value-added resellers, independent software vendors, and other businesses
Pivotal Cloud Foundry	Cognizant has partnered with Pivotal to deliver joint solutions geared toward providing enterprise clients accelerated adoption of enterprise-scale cloud applications

| Recent software products engineering investments (representative list)	
Development	**Details**
Strategic acquisitions	Cognizant acquired entities such as Softvision, Hadera, Zone, Netcentric, Measure, Brilliant Service, and Mirabeau BV to enhance its software product engineering capabilities
Skill development initiatives	Cognizant has invested in advanced training and certification programs aligned with scaling digital capabilities with full stack engineers, engineering managers, and product managers across global centers
Creation of digital innovation spaces	Cognizant has invested in numerous technology-specific labs and innovation spaces to facilitate collaboration, experimentation, and co-creation
Reusable IP/tools/accelerators	A set of IP assets that are delivered to clients for utilizing modern engineering practices

Source: Everest Group (2019)

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Appendix

Everest Group PEAK Matrix
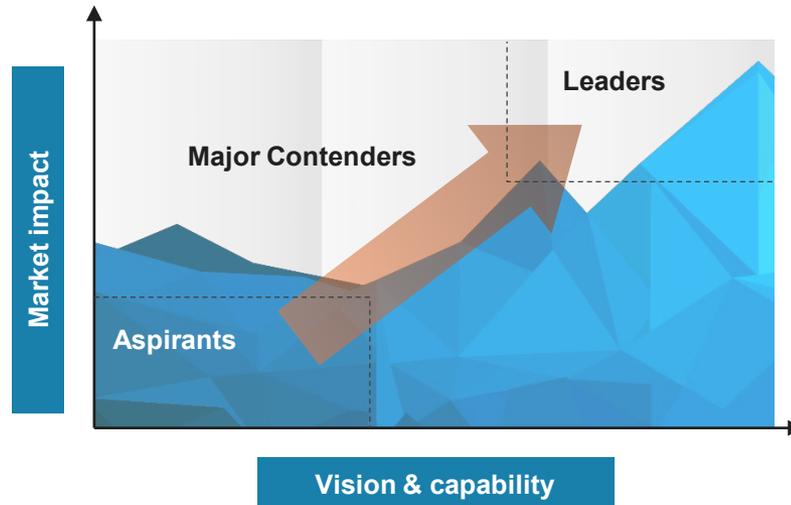
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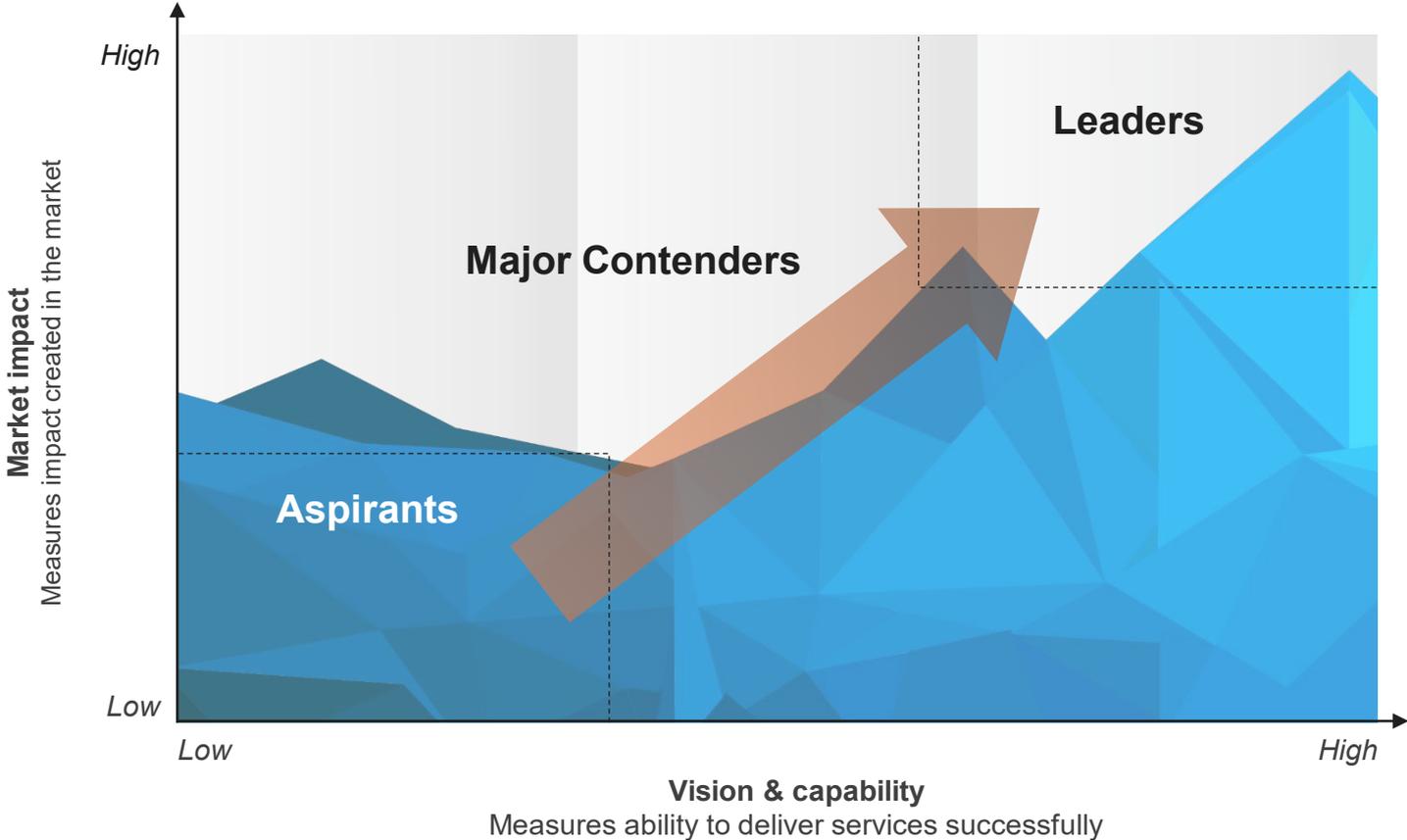
Services PEAK Matrix™ evaluation dimensions

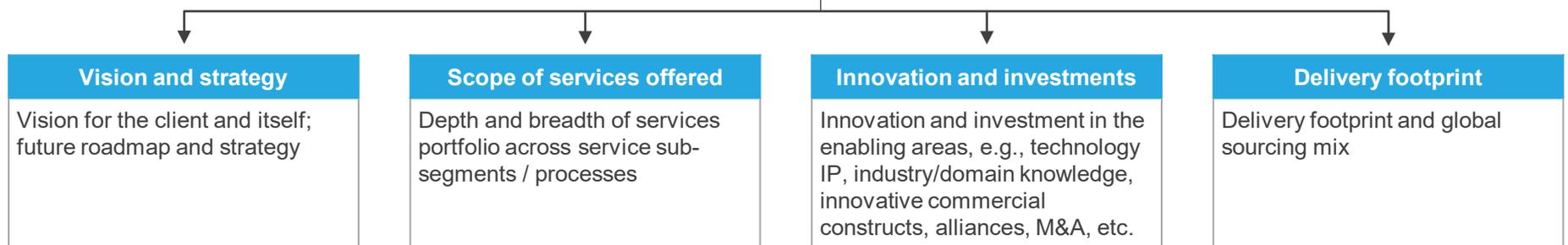Measures impact created in the market – captured through three subdimensions

Market adoption
No. of clients, revenue base, and YOY growth, deal value/volume

Portfolio mix
Diversity of client/revenue base across geos and type of engagements

Value delivered
Value delivered to the client based on customer feedback and transformational impact

Market impact (vertical axis)

Leaders

Major Contenders

Aspirants

Vision & capability
Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy
Vision for the client and itself; future roadmap and strategy

Scope of services offered
Depth and breadth of services portfolio across service sub-segments / processes

Innovation and investments
Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint
Delivery footprint and global sourcing mix

Everest Group confers the Star Performers title on providers that demonstrate the most improvement over time on the PEAK Matrix™

Methodology
Everest Group selects Star Performers based on the relative YOY improvement on the PEAK Matrix

Market Impact (y-axis)
Vision & capability (x-axis)
Year 1
Year 0
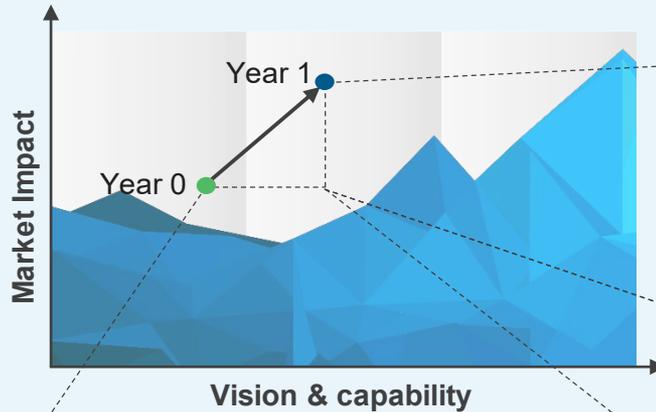
In order to assess advances on **market impact**, we evaluate each service provider's performance across a number of parameters including:
- Yearly ACV/YOY revenue growth
- # of new contract signings and extensions
- Value of new contract signings
- Improvement in portfolio mix
- Improvement in value delivered

In order to assess advances on **vision and capability**, we evaluate each service provider's performance across a number of parameters including:
- Innovation
- Increase in scope of services offered
- Expansion of delivery footprint
- Technology/domain specific investments

We identify the service providers whose improvement ranks in the top quartile and award the Star Performer rating to those service providers with:
- The maximum number of top-quartile performance improvements across all of the above parameters AND
- At least one area of top-quartile improvement performance in both market success and capability advancement

The Star Performers title relates to YOY performance for a given vendor and does not reflect the overall market leadership position, which is identified as Leader, Major Contender, or Aspirant.

FAQs

Does the PEAK Matrix™ assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment adopts an unbiased and fact-based approach (leveraging service provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information). In addition, these results are validated / fine-tuned based on our market experience, buyer interaction, and provider/vendor briefings

Is being a "Major Contender" or "Aspirant" on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class service providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition

What other aspects of PEAK Matrix assessment are relevant to buyers and providers besides the "PEAK Matrix position"?
A PEAK Matrix position is only one aspect of Everest Group's overall assessment. In addition to assigning a "Leader", "Major Contender," or "Aspirant" title, Everest Group highlights the distinctive capabilities and unique attributes of all the PEAK Matrix providers assessed in its report. The detailed metric-level assessment and associated commentary is helpful for buyers in selecting particular providers/vendors for their specific requirements. It also helps providers/vendors showcase their strengths in specific areas

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
● Participation incentives for buyers include a summary of key findings from the PEAK Matrix assessment
● Participation incentives for providers/vendors include adequate representation and recognition of their capabilities/success in the market place, and a copy of their own "profile" that is published by Everest Group as part of the "compendium of PEAK Matrix providers" profiles

What is the process for a service provider / technology vendor to leverage their PEAK Matrix positioning and/or "Star Performer" status ?
● Providers/vendors can use their PEAK Matrix positioning or "Star Performer" rating in multiple ways including:
  – Issue a press release declaring their positioning. See citation policies
  – Customized PEAK Matrix profile for circulation (with clients, prospects, etc.)
  – Quotes from Everest Group analysts could be disseminated to the media
  – Leverage PEAK Matrix branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
● The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with the designated POC at Everest Group.

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve present and future needs of the enterprises. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality as well as serve the future expectations of enterprises

About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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