

NEAT EVALUATION FOR NTT DATA:

SAP Cloud Migration

Market Segments: Overall, SAP Cloud Migration Capability,
S/4HANA Transformation Capability

Introduction

This is a custom report for NTT DATA presenting the findings of the NelsonHall NEAT vendor evaluation for *SAP Cloud Migration Services* in all three market segments: *Overall*, *SAP Cloud Migration Capability*, and *S/4HANA Transformation Capability*. It contains the NEAT graphs of vendor performance, a summary vendor analysis of NTT DATA for SAP cloud migration services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering SAP cloud migration services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in SAP cloud migration and in S/4HANA transformation.

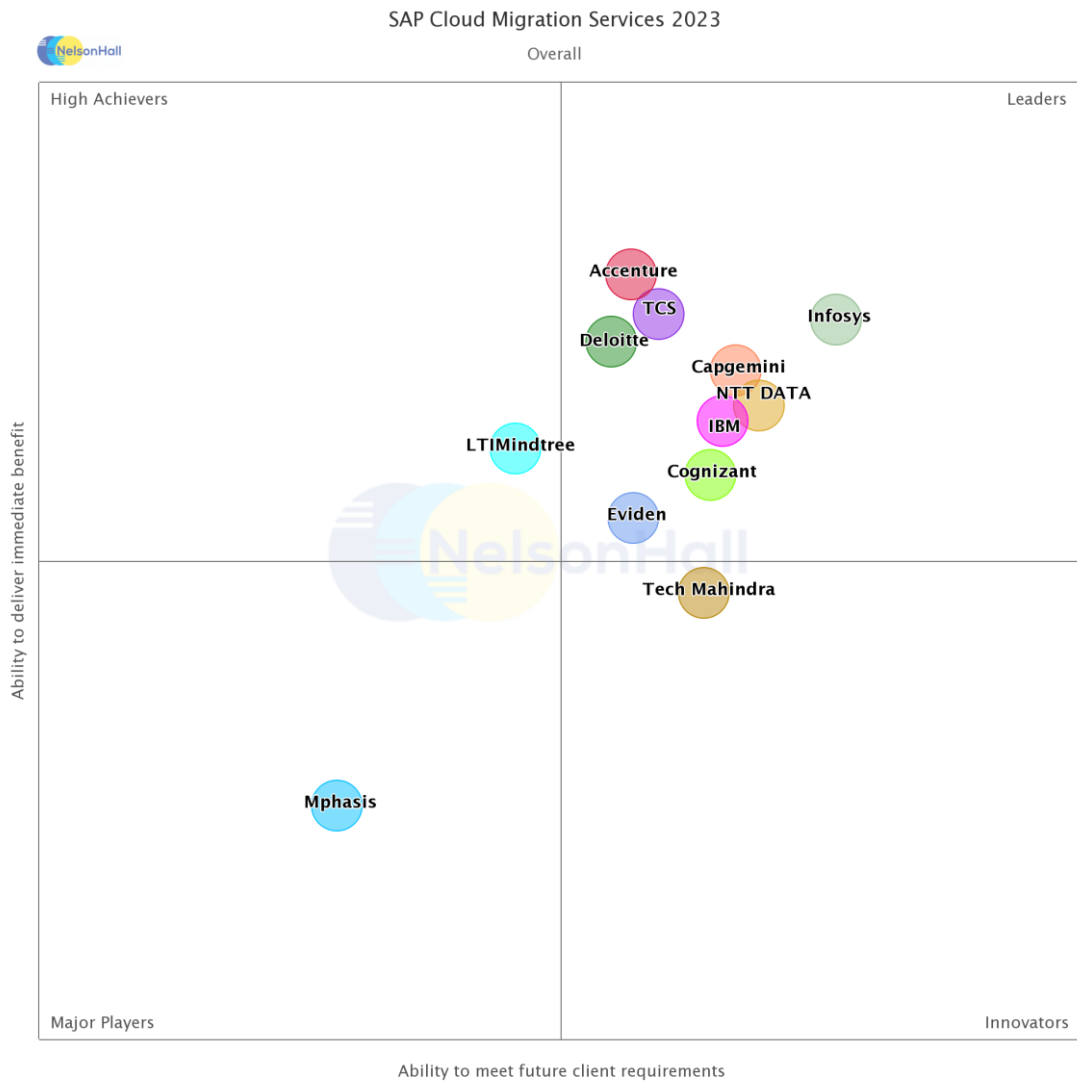
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Capgemini, Cognizant, Deloitte Consulting, Eviden (part of Atos), IBM, Infosys, LTIMindtree, Mphasis, NTT DATA, TCS, and Tech Mahindra.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: SAP Cloud Migration Services (Overall)



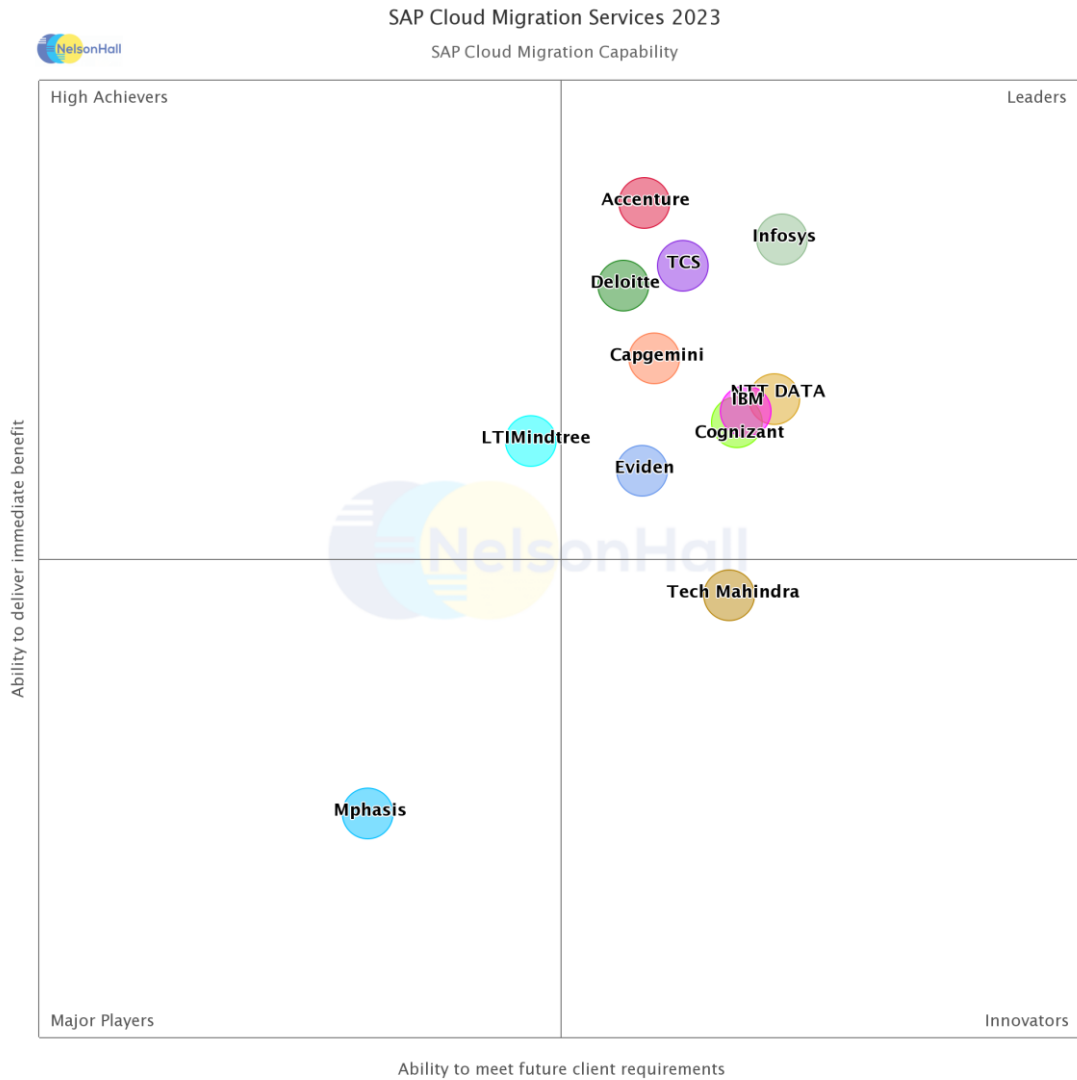
NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA’s overall ability to meet future client requirements as well as delivering immediate benefits to its clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements. Overall Leaders exhibit a deep understanding of SAP cloud migration services and related technologies, as well as the ability to stay up-to-date with new developments and trends in the field. Overall Leaders also have strong project management skills and a customer-centric approach to service delivery.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*Overall*) [here](#).



NEAT Evaluation: SAP Cloud Migration Services (SAP Cloud Migration Capability)



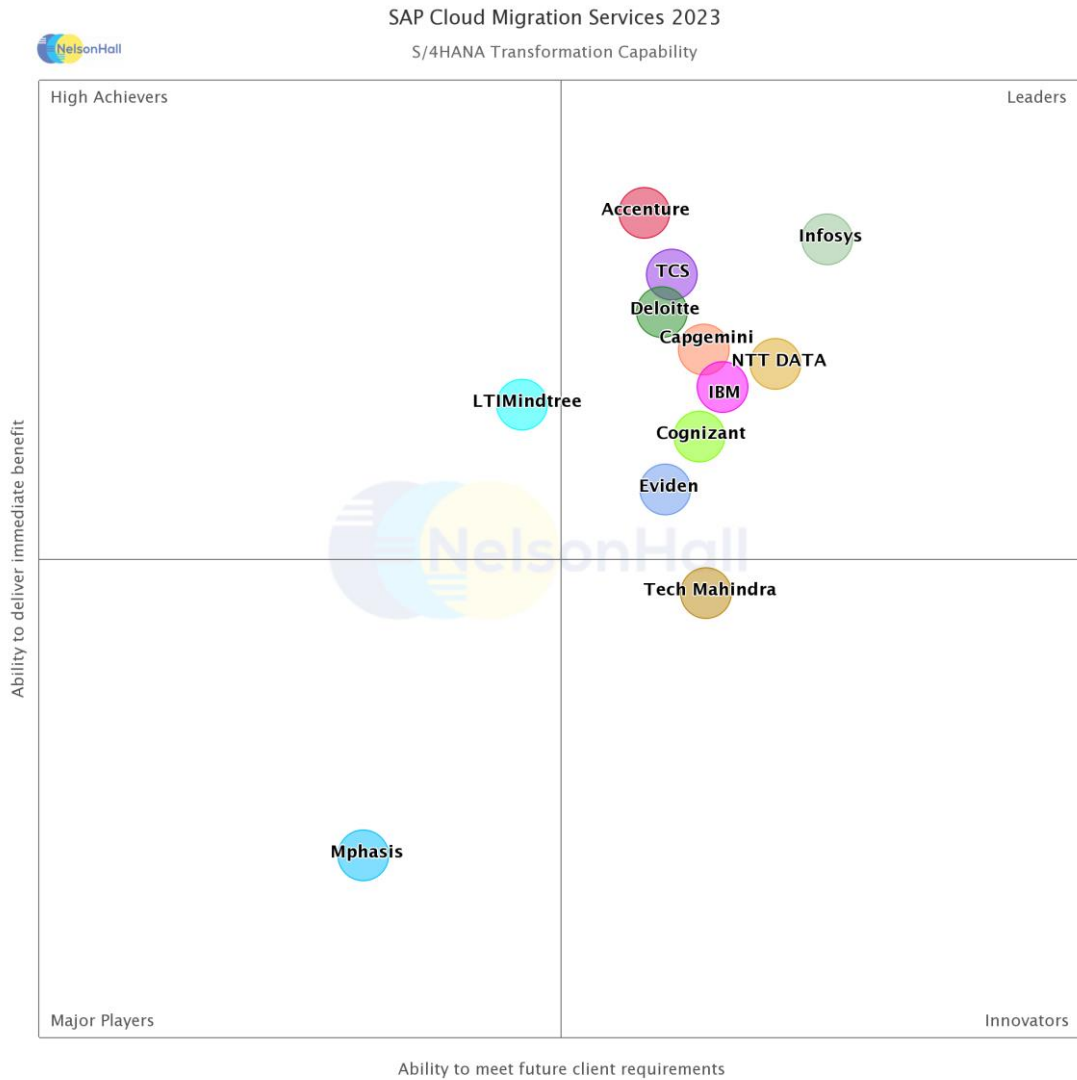
NelsonHall has identified NTT DATA as a Leader in the *SAP Cloud Migration Capability* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in SAP migration.

Leaders in *SAP Cloud Migration Capability* exhibit strong capabilities in: assessing the current landscape, business processes, and business objectives; developing a cloud adoption strategy and roadmap; conducting technical conversions; delivering phased cloud migration; delivering hybrid migration of application components to the cloud; and delivering ongoing operations and upgrades.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*SAP Cloud Migration Capability*) [here](#).



NEAT Evaluation: SAP Cloud Migration Services (S/4HANA Transformation Capability)



NelsonHall has identified NTT DATA as a Leader in the *S/4HANA Transformation Capability* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA’s ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in S/4HANA transformation services.

Leaders in *S/4HANA Transformation Capability* exhibit strong capabilities in: assessing the landscape and identifying changes required to align with S/4HANA; developing a transformation roadmap; leveraging automated migration toolsets to deliver migration; and delivering ongoing operations and upgrades.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*S/4HANA Transformation Capability*) [here](#).



Vendor Analysis Summary for NTT DATA

Overview

NTT DATA positions its services across the full SAP cloud migration services stack. These services include an up-front consulting phase to deliver assessment and planning, an execution phase to build and deploy the defined solution, and an ongoing management and support phase. It looks to deliver these services through a balanced approach of onsite consulting resources and a remotely located factory model.

NTT DATA has ~5k clients across 55 countries and 25 industries, and it had ~325 SAP cloud migration clients at the end of 2021. The company takes a vendor-agnostic approach to SAP cloud migration services, which it provides under its cloud framework:

- *Full cloud assessment*: assessment of the environment, providing insights into the client's status and a high-level roadmap for its cloud migration journey. It seeks to garner new cloud migration service accounts by utilizing its assessment service, and it seeks out M&A and TSA clients as a lead-in strategy as they tend to drive cloud adoption activity
- *Measure*: analytics-driven measures of the transformation performance through business, operations, and user experience metrics. Its Nucleus AI platform is being used for cloud migration and support
- *Complete and cost-efficient cloud design*: looking to customize cloud design to meet business and technical requirements. The benefits are minimized business disruption for the cut-over processes. NTT DATA utilizes its Nucleus AI platform for setting up server infrastructures to reduce time and, according to NTT DATA, make an easy transition to run.

NTT DATA currently has ~19.4k SAP and ~10.7k S/4HANA-trained employees. It also has ~3.5k cloud architects and engineers. For specific hyperscalers, it has ~4.3k Microsoft-skilled employees and ~900 AWS certifications possessed by employees across the company.

NTT DATA manages the transformational program through assessments, roadmapping, and implementation planning and delivery, leveraging the SAP best practice platform, tools, and accelerators. Its industry solutions can demonstrate scenarios to its clients, providing a vision into the run live setup.

To enable further growth of its team, in addition to acquiring niche companies, NTT DATA is retraining existing SAP employees to S/4HANA skills. It targets resources whose core focus area may evolve or disappear with the shift to S/4HANA.

Financials

NTT DATA estimates that \$2.4bn in revenues were associated with SAP in 2021, and SAP revenues are estimated to have been \$2.7bn in 2022.



Strengths

- Corporate focus and willingness to invest in growing SAP capabilities. The company pursues inorganic growth, is growing its cloud migration practice utilizing different sales strategies, and is working with SAP models to move beyond its current industry focuses
- Along with extensive experience in helping organizations migrate their workloads and applications to the cloud, NTT DATA has a broad geographical delivery footprint so that it can provide services to its clients within regions
- It helps organizations develop a comprehensive cloud strategy and roadmap that aligns with their business goals and objectives. It can achieve this by utilizing its variety of tools, helping to ensure smooth and successful transitions for its clients
- NTT DATA invests in research and development to stay on the cutting edge of technology and provide innovative solutions to its clients. This helps drive the company's growth by assisting clients in innovating and remaining competitive.

Challenges

- One of the key growth strategies for NTT DATA is to focus on expanding its presence in the global market, particularly in high-growth regions such as Asia and Latin America. To achieve this, the company has made several acquisitions and partnerships with local firms to strengthen its position in these markets. Maintaining global delivery in run mode after migration, given its current growth model, may prove challenging
- NTT DATA has a sustainability offering that sits outside of cloud migration and is not a focus within its framework. However, NTT DATA's sustainability service for cloud migration can provide expert guidance and support throughout the migration process, helping organizations identify and address sustainability considerations
- Its reliance on third-party vendors to provide certain components of its cloud services is crucial to the success of the company's cloud offerings. It needs to monitor these effectively to provide its growing services.

Strategic Direction

To evolve and improve its SAP cloud migration business, NTT DATA has developed a strategy with several key areas of focus:

- Expanding the footprint of S/4HANA adoptions that leverage cloud environments by focusing on M&A activity, TSA agreements, and expanding assessments that lead to migrations
- Working with hyperscalers as a trusted advisor to sales and presales, with strategies for new hyperscaler solution technology and the potential for SAP implementations
- Having an additional focus on client advisory services for private, public, or hybrid cloud and hyperscaler strategies. The advisory services, readiness checks, and architectural guidance, NTT DATA believes, will help expand its client base and drive the current base to cloud services
- Investing in new technologies: migrations can be simplified through automation; NTT DATA is targeting to increase the proportion of S/4HANA being implemented or migrated to the cloud through its Nucleus tool. It is looking to expand its investment in automation.



It is targeting capabilities that can expand and augment the core capabilities of S/4HANA and seeks to embed these into accelerators and assets used in the migration or implementation of S/4HANA. The goal is to change the narrative from onshore–offshore to human versus machine, or AI

- NTT DATA is looking not to be considered only for its cloud technical migration service but also to provide strategic and advisory services; it looks to do this by building onto its value-led business transformation services.

Outlook

NTT DATA has aggressively pursued acquisitions to expand its SAP capabilities. This is broadening its global delivery capability and presence, though the growth presents a challenge of ensuring consistent delivery capabilities. NTT DATA has addressed this through a structured acquisition enablement program to onboard new acquisitions to the global delivery platform and enable consistency of delivery. This provides a structure as it pursues its inorganic growth strategy.

NTT DATA's close relationship with, and breadth of offerings, for Azure provide a strong positioning in support of its SAP cloud migration effort. However, with a more recent relationship and limited experience with migrating SAP to GCP despite its Premier Partner designation, it will need to focus on building out a greater GCP footprint, given GCP's potential to grow in the SAP space. NTT DATA also recognizes this and is working with GCP to build its capabilities and a joint go-to-market model.

While NTT DATA has a solid and growing S/4HANA implementation footprint, it has commonly seen this demand hosted on-premises or in a private cloud. Applying its depth of S/4HANA capability to platforms across various hyperscaler-hosted environments will further strengthen its position in the market.



SAP Cloud Migration Services Market Summary

Overview

One of the most common approaches to migrating SAP to the cloud has been the migration of legacy landscapes with minimal transformation. In some cases, the transformation involved migrating the database to HANA or the operating system. However, in recent years, there has been an increasing adoption of SAP S/4HANA, contributing to a larger proportion of SAP cloud adoptions. This adoption can occur through migrating legacy environments or implementing new SAP instances directly on the cloud. However, the exact percentage of SAP cloud migrations represented by S/4HANA is not readily available.

Clients who have migrated or adopted SAP landscapes in cloud environments commonly realize value through reduced IT and costs. By shifting from on-premises infrastructure to a cloud landscape, clients can take advantage of the scalability and flexibility offered by the cloud, enabling them to scale resources up and down to meet demand.

To meet clients' evolving needs, vendors are expanding their portfolio of cloud adoption offerings. While a technical 'lift and shift' of a legacy SAP environment has traditionally been the starting point for cloud adoption, leading vendors now provide bundled offerings that offer an industrialized migration to a new landscape pre-configured to address specific industry or functional requirements.

IT service vendors heavily invest in their SAP cloud migration capabilities to deliver these services effectively. These investments typically focus on four main areas:

- Transforming the skillsets of their teams to ensure they have the necessary expertise in SAP cloud migration
- Offerings that are more cloud-focused, aligning with the latest SAP cloud solutions and best practices
- Mature assets and tools, including automation and migration frameworks, to streamline the migration process and improve efficiency
- Expanded portfolio of industry-focused offerings, providing tailored solutions for specific verticals or business requirements.

Buy-Side Dynamics

SAP cloud migration services can be categorized into two client segments: organizations interested in SAP legacy migration and those focused on S/4HANA transformation. The two segments represent different strategies and approaches to migrating SAP systems to the cloud, each with its own characteristics and considerations:

SAP Legacy Migration

SAP legacy migration moves existing SAP systems to the cloud, typically based on older versions like ECC. This approach focuses on moving the existing landscape to a cloud infrastructure without significantly changing the system's architecture or functionality. Within legacy migration, two common subcategories are 'lift and shift' and the brownfield approach.



SAP S/4HANA Transformation

S/4HANA transformation focuses on migrating to the latest generation of SAP systems, which is SAP S/4HANA. This involves a more comprehensive migration and transformation effort, as S/4HANA introduces significant changes in data models, user interfaces, and underlying technologies compared to legacy SAP systems.

Market Size & Growth

The SAP cloud migration services market is worth ~\$33.7bn in 2023 and will grow at 16% CAGR from 2023 to 2027, reaching ~\$70bn by 2027.

Success Factors

The capabilities that are key success factors for SAP legacy migration services include:

- *Cloud migration frameworks*
- *Infrastructure provisioning tools*: tools that automate the provisioning of cloud infrastructure components, such as virtual machines, storage, and network configurations
- *Data migration accelerators*: pre-built scripts, templates, and methodologies that can help expedite the data migration process, ensuring efficient and accurate transfer of data from on-premises systems to the cloud
- *Conversion methodology and tools*: designed for executing system conversions from the existing SAP landscape to S/4HANA; they can automate conversion steps, minimize manual effort, and ensure consistency
- *Custom code analyzer*: that can identify areas of impact during the conversion and recommend necessary adaptations
- *Process mining and analysis*: frameworks or IP for process mining and analysis to identify inefficiencies in clients' existing business processes and optimize processes during the transformation.

The capabilities that are key success factors for SAP S/4HANA transformation services include:

- *Business process analysis and redesign*: assessing and optimizing clients' existing business processes, identifying gaps, and proposing redesigned processes aligned with S/4HANA's best practices and capabilities
- *Data migration and conversion*: knowledge of SAP's data migration tools
- *Functional and technical consulting*: well-versed resources in S/4HANA
- *Custom code adaptation*: adapting custom code, enhancements, and modifications to ensure compatibility with S/4HANA's simplified data model
- *System integration and landscape architecture*: knowledge of system integration patterns, integration technologies, and designing the overall landscape architecture for integration with other systems.



Outlook

Successful vendors will evolve their service portfolio to:

- Adapt to SAP's new products (e.g., BTP) and new cloud strategies (e.g., focusing on cloud infrastructure interoperability and integration)
- Bring efficiencies, e.g., using AI and RPA, for implementation and maintenance & support
- Expand and deepen their industry-specific templates
- Increase security and compliance. They will further incorporate security controls, data encryption, access management, and monitoring mechanisms to protect sensitive data in the cloud.



NEAT Methodology for SAP Cloud Migration Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offering	<ul style="list-style-type: none"> Overall SAP Cloud Migration capability Cloud Migration Strategy Dev and Planning Cloud data migration services Legacy ERP Cloud Migration Services Proprietary functional extensions Bundled Cloud Migration Offerings S/4HANA Cloud Migration Services
Delivery	<ul style="list-style-type: none"> Onshore migration consulting capability Offshore Cloud Migration Factory Migration Delivery Automation in Assessment and Planning Automation in Use of automation and tools to implement or migrate HANA or S/4HANA in a cloud environment(Legacy Cloud Migration) Automation in S/4HANA Transformation Industry Templates
Presence	<ul style="list-style-type: none"> Scale of operations: Overall Scale of operations: Legacy ERP migration to cloud Scale of operations: S/4HANA Cloud Transformation Scale of operations: NA presence Scale of operations: EMEA presence Scale of operations: APAC
Benefits Achieved	<ul style="list-style-type: none"> Value For Money Timeliness of Implementation Access Range of Tech Expertise Correlation of Vendor Fees to Objectives Cost Savings



Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Overall Future Commitment to SAP Cloud Migration Services	<ul style="list-style-type: none"> Commitment to SAP Cloud Migration Commitment to service innovation Commitment to S/4HANA Migration
Investments in SAP Cloud Migration Services	<ul style="list-style-type: none"> Investment in cloud migration consulting Investment in Scaling SAP cloud migration capabilities Investment in targeted capabilities (geo or industry) Investment in automation & tools
Ability to Partner and Evolve Services	<ul style="list-style-type: none"> Perceived suitability as key partner Perceived impact of innovation mechanisms and ability to evolve services to meet future requirements

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



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Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
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