Atos
Agile Development & DevOps Services

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Agile Development and DevOps Services Vendor Assessment for Atos is a comprehensive assessment of Atos' Agile Development and DevOps services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for Agile Development and DevOps services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the Application Development services sector.

Key Findings & Highlights

Atos was formed in 1997 as the result of a merger between two French IT services firms, Axime and Sligos, with a focus on infrastructure management services. It is headquartered in Bezons, a northwestern suburb of Paris, France.

As part of ADVANCE 2021, its three-year plan introduced in early 2019, Atos has introduced a new initiative, RACE (Road to Agile Competitiveness & Excellence), essentially the successor to various TOP plans, with a stronger focus on reducing direct costs, rather than optimizing G&A, to achieve further margin expansion. RACE has 12 pillars:

- GOAL - Global Optimization through Automation & Lean

- Right shoring & pyramid

- Revenue cross-sell & fertilization

- Cognitive contract management

- IT digital foundation (internal IT modernization)

- Cash & billing optimization

- Shared service centers for indirect functions

- Employee development and simplified workforce management processes (e.g., for resourcing)

- Client success and quality (e.g., improving CSAT scores)

- Contract profit improvement plans

- Digital procurement

- Integration cost synergies.

To expand its application services and North American presence, in July 2018, Atos announced the acquisition of Syntel. The acquisition closed in October 2018. The acquisition brings total Atos headcount to ~120k and nearly doubles its India based headcount to ~32k. It also will make the B&PS division into Atos' largest, accounting for ~47% of total revenues.

Syntel has changed the profile of Atos in terms of both geography and portfolio. With Syntel, Atos becomes less dependent on IT infrastructure services and becomes more balanced both at a global level and in its North America business. The reverse integration of much of Atos' global B&PS business into Syntel continues in 2019. As part of 'ADVANCE 2021', B&PS becomes a more important pillar of Atos' growth plans for the next three years.

Atos' CY 2018 revenues were €12.3bn (~$13.5bn). Of this, its Business and Platform Solutions (formerly C&SI) CY 2018 revenues were €3.4bn (~$3.7bn). These revenues include 2 months of Syntel performance.

NelsonHall estimates that 2019 B&PS revenues will be~€4.5bn ($4.9bn) with ~12% of this associated with agile development and DevOps services (€536m / $590m).

Atos-Syntel frames its agile, DevOps, and automated development capabilities into two groups:

- Product engineering

  - Use agile practices, DevOps mindset, and quality focus to deliver software development

  - Help client teams improve DevOps maturity using best practices in culture, automation, metrics, and collaboration

  - Adopt quality engineering and the principle of shift-left.

- Enterprise continuous delivery

  - Enable a secure continuous delivery toolchain at scale

  - Help clients in implementing hybrid cloud pipelines and pipelines-as-code

  - Help clients adopt an SRE model and containerize application landscape

  - Implement release engineering for large product teams

  - Manage test environment scalability & availability through automation.

NelsonHall estimates that the Atos B&PS unit has ~53k employees. Atos-Syntel has ~12.5k agile and DevOps specialists located globally, estimated to be in ~73 countries.

While Atos-Syntel has resources located globally near its client base, the majority of its agile and DevOps workforce is located at India delivery centers. The primary hubs that have resulted from the acquisition are:

- Chennai: legacy Syntel location

- Mumbai: spanning multiple buildings that came from each legacy organization

- Pune: a consolidated location of employees from each legacy company.

The acquisition of Syntel by Atos in late 2018, integrates companies with complementary capabilities to position itself as providing end to end services. Syntel is able to leverage its experience in application delivery and the use of automation tools such as its SyntBots offerings and apply it to Atos' primary legacy operational and infrastructure focus. While the company is actively reverse-integrating Syntel scaled agile delivery capabilities into the company, it is still an on-going process. The combined company's strength of a geographically broad delivery mechanism can add an incremental challenge in building this globally aligned and industrialized service capability.

In addition to the further post-merger integration of capabilities, Atos-Syntel is looking to expand its industry-specific offerings, tailoring its scaled agile and core DevSecOps capabilities to the specific needs of different verticals. While this will be a key initiative, it comes later than the increased vertical focus that many vendors have taken over the last few years. In parallel, it would be beneficial to Atos-Syntel to expand low-code development offerings to further accelerate the time to market and cost reduction benefits that can be realized from scaled agile and DevOps.

Scope of the Report

The report provides a comprehensive and objective analysis of Atos' Agile Development and DevOps service offerings, capabilities and market and financial strength, including:

- Analysis of the company's offerings and key service components

- Revenue estimates

- Identification of the company's strategy, emphasis and new developments

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's strengths, weaknesses and outlook.

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