DXC Technology
Digital Experience Consulting Services

Vendor Assessment
Report Abstract

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By David McIntire
IT Services
Research Director
NelsonHall

9 pages

Who Is This Vendor Assessment For?

NelsonHall's Digital Experience Consulting Services Vendor Assessment for DXC Technology is a comprehensive assessment of DXC's digital experience consulting services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for digital experience consulting services

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

- Financial analysts and investors specializing in the experience consulting services sector.

Key Findings & Highlights

In May 2016, Tysons, Virginia based CSC announced that it was acquiring the Enterprise Services (ES) division of HPE. As of April 1, 2017, when the merger was completed, CSC and HPE Enterprise Services re-branded as DXC Technology (DXC). DXC Technology operates 31 strategic delivery centers and 91 data centers in ~70 countries, servicing ~6k clients. 55% of its labor force operates in low-cost geographies in 21 global delivery centers. Of CSC and HPE's top 200 accounts, there was a less than 15% overlap in the revenue streams.

In 2018, DXC Technology acquired argodesign, a product design firm headquartered in Austin, TX. The company was founded in 2014 and provides UX and product design services, as well as product strategy, design research, information architecture, software experience design, industrial hardware design, and brand identity.

In June 2019, DXC acquired Luxoft. Luxoft expands DXC's application and product engineering capabilities, including expanding its agile development footprint, bringing a significant Eastern European delivery presence and providing U.S.-based IoT, analytics, and blockchain capabilities. The companies are still in the process of fully integrating their operations but view Luxoft's upfront development and engineering capabilities as complimentary to DXC's operational and infrastructure strengths. Luxoft brings the following digital experience capabilities to DXC:

- The digital experience CoE was the core of Luxoft's experience design and delivery capability. It offered these services since 2012, initially out of its Kyiv delivery location. Luxoft had employees dedicated to experience design and development services, with the largest proportion of this team is located in Ukraine. However, it had smaller teams located in:

  - Germany: focused on supporting the automotive industry

  - Poland: primarily targeting marketing and advertising for Luxoft itself

  - Other locations with fewer than ten UX employees each: Russia, U.S., Canada, and Mexico

- In June 2018, Luxoft acquired Smashing Ideas, a Seattle-based design and innovation agency. This acquisition added ~65 new employees to Luxoft's U.S. workforce, in the city where Luxoft already possessed its greatest concentration of U.S. based design employees.

Given DXC's legacy in supporting the internal technology landscape for clients, its experience consulting work has historically been an extension of this scope: internal systems. It has been expanding this scope to support the growing digital transformation practice and is increasingly engaging in external, customer-facing engagements.

In September 2019, DXC Technology named Mike Salvino as its new CEO. One of his first activities was to undertake a review of DXC businesses and develop a revised go-forward strategic plan focused on businesses that support an integrated technology stack. As part of this, three businesses are planned to be spun out: U.S. public sector (including state and local), business process services, and workplace and mobility services.

NelsonHall estimates DXC's CY 2019 revenues to be ~$20bn, with advisory services accounting for ~$500m. Of this, NelsonHall estimates that digital experience consulting services account for ~12%, or $60m.

DXC has four key focus areas in the delivery of its digital experience consulting services:

- Create new products and services: design, build and launch digital and connected products. This includes a focus on web, mobile, and connected products. DXC leverages argodesign for the physical product design

- Transform customer experience: redefine user experience to remove friction using research and data to assess current user journey, define new engagement models, and design user-centric experiences. DXC is seeing clients expand their perspective on user experience: from interfaces to a holistic end to end journey

- Design new business ventures: identify new market opportunities, minimize risk, and build new business models. DXC looks to leverage its customer insights to identify market opportunities. DXC also looks to go beyond the development of ideas or concepts and works with clients to develop MVPs, go-to-market and marketing plans, a full implementation plan, and risk mitigation plan

- Enable innovation capabilities: Build client design thinking, user-centric design, and development capabilities within client organizations and transform client culture to enable client-led innovation. DXC offers six-week bootcamps, on-demand coaching, and train the trainer programs to enable client teams with the skills and processes to drive innovation internally.

These services are delivered through a digital transformation method focused on enabling clients to achieve what DXC calls Motivational UX (MUX).

DXC has ~185 design employees globally. Source organizations and locations are as follows:

- Smashing Ideas & Luxoft: ~75 employees across Seattle and Kiev

- Argodesign: ~60 employees in Austin, TX

- DXC:

  - New Orleans Digital Experience Transformation Center: ~10 employees

  - Bangalore: ~30

  - Manila: ~10.

3

DXC possesses a broad client base that it can target its digital experience consulting services toward. With its primary experience and relationships focused on internal IT, these relationships provide it an opportunity to expand into business and customer-facing engagements while using its understanding of the client application landscape to ensure designs are technically feasible. DXC's legacy internal-focused experience design engagements also provides a differentiated capability from competitors that have primarily focused on customer and external-facing engagements.

DXC has been acquisitive in pursuit of adding new capabilities in digital consulting and emerging digital technologies that complement its legacy portfolio of services. Smashing Ideas and Luxoft provide it broader consulting and experience design while argodesign expanded product design and engineering. The key challenge in the immediate term will be the development of a cohesive end to end capability. Developing a cohesive, integrated end to end capability spanning these legacy groups will position it well and be critical as it looks to expand its relationships with existing clients or engage new logos.

As it develops these integrated offerings and capabilities, it will then need to scale up these capabilities. With a significant global client base, to be positioned to adequately support growth, it will need to focus on scaling its capabilities further through the expanded hiring and training of skilled resources.

Scope of the Report

The report provides a comprehensive and objective analysis of DXC's digital experience consulting 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.

Contents

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Report Author

David McIntire

david.mcintire@nelson-hall.com

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