DXC Technology
SAP ERP Cloud Migration Services

Vendor Assessment
Report Abstract

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11 pages

Who Is This Vendor Assessment For?

NelsonHall's SAP ERP Cloud Migration Services Vendor Assessment for DXC Technology (DXC) is a comprehensive assessment of DXC's SAP ERP Cloud Migration services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for SAP ERP Cloud Migration 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

DXC has structured its organization around:

- Geographies: e.g., Americas, U.K./Ireland/Israel/Middle East/Africa, North and Central Europe, Southern Europe, Australia/New Zealand, and Asia. Geographies have the prime responsibility for account management and sales

- Offering Families: Cloud & Platform Services, Security, Enterprise & Cloud Apps, Workplace & Mobility, Application Services, Consulting, Analytics, Business Process Services, and Industry Software & Solutions

- Key Industries: Insurance, Healthcare & Life Sciences, Travel, Transportation and Hospitality, Banking & Capital Markets, Aerospace & Defense, Consumer & Retail, Energy, Utilities, Oil & Gas, Manufacturing & Auto, Public Sector, Technology, Media & Entertainment, Telecommunications.

This approach means that, for each major DXC Technology geography, each service line has a regional head, with P&L responsibility.

DXC Technology has been delivering SAP services for ~35 years. It has ~9k SAP skilled resources delivering services to ~875 clients, including from 39 delivery centers. A focus on growing its consulting and implementation footprint to complement its historically larger on-going maintenance and operational services has helped it realize significant SAP services growth. In FY 2020, it saw SAP services grow by 11% y/y and projects similar growth in FY 2021. This is driven most significantly by growth in demand for S/4HANA services, which grew ~73% y/y. DXC currently has ~5.5k S/4HANA skilled employees.

In November 2019, DXC made two acquisitions to expand its capabilities:

- Virtual Clarity, a provider of cloud consulting and application migration services. Virtual Clarity was founded in 2008 and is headquartered in London, U.K. It services several industries: including financial services, healthcare, manufacturing, and communications

- Bluleader, an SAP service vendor, focused on commerce, CRM, and marketing. Bluleader has 40 clients in ANZ, including Lion, Transport for New South Wales, Metcash, Rheem, Ausgrid, Fisher and Paykel Healthcare, and Woolworths. Its headcount is 80. DXC has integrated Bluleader in DXC Oxygen

  - Bluleader expands DXC's ANZ capability adding to capabilities acquired by DXC in March 2016 and enables it to progress on an ambition to become the largest SAP partner in ANZ

  - In March 2016, CSC acquired UXC, an Australian independent IT services company, for $289m. UXC brought an enterprise application practice and a burgeoning cybersecurity practice. It also expanded DXC Technology's coverage in Australia, adding ~3k employees (2.5k in Australia). UXC's division focused exclusively on SAP services for the Australia and New Zealand market is called UXC Oxygen.

Additionally, it has introduced 18 new offerings. These include offerings that enable clients to respond to COVID-19 business impact on functions, including supply chain, workforce, and finance.

DXC Technology's CY 2019 revenues were ~$20.0bn. Of this, NelsonHall estimates that SAP services represent ~5% ($1.0bn), with SAP ERP cloud migration services accounting for ~22% of that, or ~$220m.

DXC is positioning its SAP cloud migration services within the broader context of a client's IT landscape modernization. For example, at one client, it was engaged to transform the order to cash process, which consists of 18 applications, three of which are SAP-based. However, 80% of incidents and problems are within the SAP systems, so the transformation approach, while driven by SAP, spans multiple applications. Therefore, DXC looks at parallelizing transformation initiatives across multiple value streams while also pivoting client mindsets from focusing on technology packages to the full end to end business process.

DXC Technology has ~140k FTEs globally, with ~9k focused on SAP services. Of these ~9k SAP employees, ~5.5k have been trained or are experienced in HANA or S/4HANA.

DXC has a broad legacy SAP client footprint, comprised primarily of infrastructure and application management services. As this client base begins to look at how to modernize these monolithic, on-premise, legacy platforms, DXC must help clients shape their journey and define a viable business case. DXC has and continues to invest in offerings to streamline this journey. This includes end to end bundled, fixed price offerings, and automated tools that accelerate delivery. Leveraging proprietary tools and tools from its partners that automate legacy landscape discovery and automate migration activities enables DXC to de-risk and accelerate migration journeys. Industry-tailored offerings and incremental functional capabilities allow clients to realize greater value from the migration.

This broad, large client base acts as a double-edged sword. It provides a large potential pool of cloud and S/4HANA transformation clients where DXC already possesses relationships and landscape knowledge. However, the slow rate of migration among large enterprises means that DXC still has a smaller S/4HANA footprint relative to its overall SAP client base. As their S/4HANA experience grows, DXC's pre-emptive investment in assets and broad cloud capabilities that extend beyond SAP position it well to support clients beginning the journey.

Scope of the Report

The report provides a comprehensive and objective analysis of DXC's SAP ERP Cloud Migration 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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