T-Systems
SAP ERP Cloud Migration Services

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's SAP ERP Cloud Migration Services Vendor Assessment for T-Systems is a comprehensive assessment of T-Systems' 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

T-Systems International GmbH (TSI) is a 100% subsidiary of Deutsche Telekom AG (DTAG). The company is its enterprise arm and provides a wide range of telecom and IT services, including digital and security. In 2019, T-Systems had revenues of €6.8bn and a headcount of 38k at the end of Q1 2020.

T-Systems has a corporate strategy built on four service pillars: cloud and infrastructure, connectivity, security, and digital. Within these pillars, it has identified seven key focus areas:

- IoT

- Security

- Digital solutions

- Public cloud managed services

- Road charging

- SAP

- Managed infrastructure services.

T-Systems' SAP services sit in its digital practice. T-Systems sees SAP as a core enabler of client digital transformation, and the rising demand for S/4HANA is primarily driven by the additional functionality offered, including improved business insights and flexible business processes.

T-Systems comprises its SAP services of three core service families:

- SAP Managed Services on multi-cloud: a vendor-agnostic approach focused on multi-cloud solutions spanning private and public cloud

- SAP S/4HANA transformation: leveraging a defined transformation methodology and tools, including those from SNP, to enable clients to migrate or implement S/4HANA

- SAP digitalization: applying expanded digital capabilities on top of S/4HANA, including IoT, cloud, 5G, security, blockchain and native hyperscaler services.

NelsonHall estimates that CY 2019 revenues for T-Systems were ~€6.8bn (~$8.2bn). NelsonHall estimates that ~6% (~$490m) of these revenues are associated with SAP services, and ~30% of these revenues are associated with SAP ERP cloud migration capabilities ($147m).

In migrating SAP to cloud environments, T-Systems positions itself as providing vendor-agnostic multi-cloud solutions spanning both hyperscaler offerings (Azure, AWS, and GCP), SAP HANA Enterprise Cloud, and its own public and private cloud hosting, Open Telekom Cloud. It then integrates and manages the solution across the disparate environment as part of its T-SAPaaS offering, which is the core of its SAP cloud services.

To help its clients transform both its core SAP functionality and migrate to a cloud environment, T-Systems uses its Cloudifier Methodology.

NelsonHall estimates that T-Systems has an SAP-skilled workforce of ~4k. This team includes ~1.3k employees focused specifically on managing Deutsche Telekom's internal SAP systems. The remaining ~2.7k deliver SAP services to external clients.

The core of T-Systems' SAP practice resides in the cloud. With its own public and private cloud offerings, it is positioned well to help clients use the cloud to reduce the costs of the SAP environment. Given its positioning in the cloud and networking market, it has a broad European client footprint where it can offer these services. However, it is strongly reliant on its European client footprint, so expanding geographically will help diversify its revenue base.

T-Systems has focused on building an end to end offering spanning the full lifecycle. It also incents clients to engage it across the entire lifecycle of cloud adoption, through bundled offerings and free advisory and planning for managed service clients. It focused on ramping up its delivery capabilities in India first and has had limited investments in proprietary tools to support these services to date though it is leveraging its SNP Group partnership to expand its portfolio of migration tools. Investing in more proprietary tools and assets will help T-Systems to move forward up the value chain within its managed service client base. As its large enterprise client base increasingly looks to adopt cloud, having a broad, automated migration offering positions T-Systems to support the migration.

Scope of the Report

The report provides a comprehensive and objective analysis of T-Systems' 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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