



Application Outsourcing Assessment and Forecast

Report Abstract

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Who Is This Report For?

“Application Outsourcing Assessment and Forecast” is a comprehensive market analysis report designed for:

- Sourcing managers investigating sourcing developments within IT services and application maintenance & support, and systems integration
- Vendor marketing, sales and business managers developing strategies to target service opportunities within the application outsourcing market
- Financial analysts and investors specializing in the IT services and application outsourcing sector

Scope of the Report

The report analyzes the worldwide market for application outsourcing and addresses the following questions:

- What is the current and future market for application outsourcing services?
- What are the client segments for application outsourcing services and their characteristics? What are the drivers, benefits, and inhibitors for each segment?
- What is the size and growth of the application outsourcing market by client segment, geography, service line, activity, sector, contract duration?
- How will the current economic recession impact application outsourcing spending?
- Where is delivery organized and located?
- How is the market organized? Who are the main vendors?
- What are vendor challenges and critical success factors by market segment?
- Additional topics include: contract lengths; pricing models; partnerships; acquisitions; delivery center locations and the use of offshoring; vendor targeting by client size, geography, and industry.



Key Findings & Highlights

The application outsourcing market is currently soft overall, impacted by the economic conditions of 2011 and 2012, which is freezing decision making, driving renegotiations of contracts and relocation work offshore.

Price is therefore under pressure and certain parts of application outsourcing, e.g. maintenance and support are becoming commodity services. Yet, application outsourcing remains a necessary element of every IT services offering.

From a vendor perspective, application outsourcing remains strategic for project work, whether embedded in the contract, or influenced by the contract it provides.

Meanwhile, a large number of IT services vendors have rejuvenated their application outsourcing offerings. They have kept the necessary ingredients of any offering 1. Offshoring 2. Industrialization 3. Subcontractor management 4. Application portfolio management. Yet a lot of them have focused on achieving productivity gains at the maintenance and support levels, whether at the individual or team level.

Interestingly, a number of IT services vendors are focusing hard on tool and process standardization, and shared delivery within clients but increasingly across clients. Such vendors are going beyond the traditional best practices and flex-team approach and are aiming to provide maintenance and support as a standard vanilla service. This success of this approach in the marketplace remains to be assessed: the incredible success of Indian vendors shows that offshoring and a customization have had more success than standard and very industrialized offerings.

In the long-term, application outsourcing still has a lot of potential: application services spending will continue to transfer from short-term project work to multi-year application outsourcing contracts, fueling growth over the next twenty years. New models have emerged e.g. SaaS, new concepts are being conceived e.g. self-healing applications; new offerings are launched e.g. vertical offerings. Against all odds, application outsourcing remains a vibrant industry with new offerings to come.

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Vendors Researched

Amdocs, Atos, Capgemini, Cognizant, HP Enterprise Services, IBM Global Services, Infosys, Steria, TCS, and Wipro.

Report Length

88 pages, consisting of 9 chapters and 26 data charts

Report Author

Dominique Raviart

dominique.raviart@nelson-hall.com