



DXC Technology SAP HANA and S/4HANA Services

**Vendor Assessment
Report Abstract**

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Who Is This Vendor Assessment For?

NelsonHall's SAP HANA and S/4HANA Services Vendor Assessment for DXC is a comprehensive assessment of DXC's SAP HANA and S/4HANA services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for SAP HANA and S/4HANA services
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the SAP 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.

DXC Technology has ~15k SAP skilled resources. The SAP capabilities of each company were mainly complementary, as CSC possessed more project, implementations, and SI focus, while HPE ES had a greater concentration in ongoing operations. This has enabled DXC to essentially double its SAP workforce, improve its ability to offer clients end-to-end SAP service capabilities with limited portfolio overlap.

DXC Technology is also using partnerships to expand its capabilities. This includes partnering with PwC consulting to deliver digital strategy consulting and AWS and Microsoft Azure for SAP cloud offerings.

In March 2016, CSC acquired UXC, an Australian independent IT services company, for \$289m. UXC brought an enterprise applications 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. NelsonHall estimates it has ~500 employees.

Historically, DXC's primary focus in SAP has been run and operate services for both SAP applications and infrastructure. While it has long offered consulting services, DXC now sees 2018 as a turning point in which up-front consulting, implementation engagements drive a majority of SAP revenues. It estimates that in the first half of 2018, ~60% of SAP revenues came from run services. In the second half, it estimates ~56% of revenues come from SAP consulting and implementation services.

DXC reported FY2018 revenues, its first fiscal year as a combined entity, to be ~\$24.6bn.

Of this, NelsonHall estimates that SAP services represent ~10% (\$2.4bn), with HANA and S/4HANA services accounting for ~15% of that, or ~\$368m.

DXC has four key focus areas in delivering its S/4HANA services:

- Impact assessments and planning
- Technology enablement
- Industry and process offerings
- Organizational change management.

In addition to these focus areas, DXC has a methodology called PathWay to facilitate the adoption of S/4HANA as well as targeted campaigns like IGNITE to drive adoption.

DXC Technology has ~170k FTEs globally, with ~15k focused on SAP services. Of these ~15k SAP employees, ~2.2k have been trained or are experienced in HANA or S/4HANA.

The geographic breakdown of DXC Technology's SAP workforce (including the mix located in each geography in global delivery centers, regional delivery centers, and in-country delivery centers is:

- Americas: 12% (~1.8k)
 - 3% in global delivery centers, 8% in regional delivery centers, 1% in in-country delivery centers
- EMEA: 20% (~3k)
 - 6%, 7%, 7%
- APAC (including India): 68% (~10.2k)
 - 58%, 8%, 2%.

DXC is investing in growing its SAP HANA and S/4HANA capabilities as it sees client demand rise significantly as 2018 turns to 2019. It has built unique offerings that utilize their differentiated capabilities such as the PaaS on SAP offering and the Ignite program. These provide it a differentiated offering as it continues to expand the proportion of its SAP workforce skilled on HANA, S/4HANA and other emerging SAP technologies as well as its industry-focused offerings.

Its offerings also help address the challenge of slow adoption by DXC's core large enterprise client base. Ignite and PathWays offerings both provide DXC with strong positioning to address client concerns about migrating to S/4HANA.

In addition to re-skilling its existing workforce, DXC is also looking to expand its workforce through external hiring and potentially making an acquisition to grow its geographic or industry capabilities. With few competitors aggressively acquiring specialty SAP firms, DXC acquiring new capabilities targeted at specific growth opportunities will provide it a complementary capability to its portfolio of functional extensions and accelerators.

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Scope of the Report

The report provides a comprehensive and objective analysis of DXC's SAP HANA and S/4HANA 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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