



IBM 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 IBM is a comprehensive assessment of IBM'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

Founded in 1910, IBM has undergone several evolutions in its focus, including its shift from being primarily a computing hardware vendor to an IT services provider over the last two decades. Now it is pivoting to a subset of offerings called Strategic Imperatives, focused on cloud, cognitive computing, analytics, security, mobile and social.

IBM Global Business Services (GBS) is the main consulting, application services and BPS division of IBM. GBS had revenues of \$17.1bn in 2018.

With a reinvigorated focus on services beginning in 2017, IBM is placing a priority on providing end to end services to its clients. This spans up-front consulting through to operations, application and infrastructure management and hosting of enterprise software.

IBM was SAP's first SAP Global Alliance Partner. It estimates it has delivered ~5.5k SAP projects. It now possesses ~37k SAP skilled employees spanning ~40 IBM delivery and innovation centers.

IBM and SAP have expanded their partnership to build digital transformation offerings that utilize capabilities from each company, to extend core SAP and S/4HANA capabilities.

To manage a broad, global team, IBM has developed a common methodology globally, IBM Ascend Method for SAP, which uses SAP's Activate methodology and overlays it with IBM governance, process and change management tools, methods and accelerators.

IBM's Global Business Services revenues for CY 2018 were ~\$17.1bn. Of this, NelsonHall estimates that enterprise application revenues accounted for ~45% (~\$7.7bn).

NelsonHall estimates that SAP services account for ~40% of enterprise application revenues (~\$3.1bn). Of this, NelsonHall estimates that in 2018, 31% (~\$950m) are associated with HANA and S/4HANA services.

IBM is positioning its S/4HANA services to accelerate adoption through an in-depth understanding of the impact of S/4HANA on the enterprise combined with a to-be state that is tailored to industry needs and incorporating value-adding incremental capabilities. To deliver this, it positions its services across the following service areas:

- Advisory services and impact assessments
- Tailored adoption paths
- Application management services
- Incorporating Innovation.

IBM has ~37k SAP skilled employees. Of this team, ~18k possess S/4HANA skills. It also has ~7.5k dedicated SAP data and analytics employees.

IBM possesses ~40 global innovation and delivery centers from which it delivers SAP services.

Over a ~40-year relationship, IBM has built a broad, geographically and skill diverse workforce to deliver services to clients around the globe. Investing in accelerators for S/4HANA, building industry templates and functional extensions that incorporate key IBM and SAP capabilities position it to help clients develop a business case and accelerate adoption.

Its large enterprise client base, particularly in large geographies, has been slow to adopt S/4HANA and IBM's breadth of offerings and upfront engagement to define value and develop a roadmap positions it well to deliver services across the full lifecycle. While it already has a large S/4HANA trained workforce, it still only represents less than half of the total SAP employee base. Continuing to build a S/4HANA skilled team, in parallel with continuing to invest in automated accelerators, will be important as IBM's large enterprise clients scale adoption.

Scope of the Report

The report provides a comprehensive and objective analysis of IBM'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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