LTI
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 LTI is a comprehensive assessment of LTI'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

LTI is the new brand of L&T Infotech. LTI is an IT services and solutions vendor headquartered in Mumbai, India. The company is a subsidiary of Larsen & Toubro Group, an India headquartered engineering, manufacturing, and financial services firm founded by two Danish engineers.

The company had revenues in FY20 (the year ending March 31, 2020) of $1,525m. LTI's headcount was 31.0k at the end of Q2 FY21 (ending September 30, 2020). LTI primarily services U.S. clients (North America accounted for ~69% of its FY21 Q2 revenues); its other geographic segments are Europe (16%), India (6%), and RoW (9%).

LTI strategy is to drive the client's digital transformation journeys, enabling new business models, focusing on business outcomes, and developing platforms (industry-specific, functional, IaaS & PaaS, and capability-based). This is all underpinned by AI, data & analytics, automation, cloud, and IoT capabilities.

Cloud Capabilities

In October 2019, LTI acquired Powerupcloud Technologies, headquartered in Bengaluru, with 180 employees. It is a Premier Consulting Partner for AWS, a Gold partner for Azure, Google Cloud Consulting Partner, and Microsoft AI partner. It has executed ~150 cloud projects for clients in India, the U.S., UAE, and Singapore.

Powerupcloud Technologies has two AI-based platforms: Botzer.io, enabling NLP, DL, and image recognition, and CloudEnsure.io, for cloud governance. It provides LTI with cloud consulting, AI, and data analytics capabilities.

LTI focuses on four key imperatives to enable cloud modernization, including:

- Embracing a hybrid cloud ensures the client's cloud journey and adoption are successful and aligned with their business, security, and compliance. It seeks to provide value across private, public, and hybrid cloud

- Business-driven cloud architecture: focusing on new capabilities, longevity, and scale, embracing multi-cloud and driving 'as a service mindset'

- Continuous modernization: once a client has moved to the cloud, helping modernize legacy applications and modernize ERP (SAP) workloads to the cloud. Also, API-enabled core capabilities to interact with cloud-native services from AWS, Azure, and GCP

- Continuous optimization: continuously evaluating and optimizing existing cloud services for efficiency and cost and improving security posture to predict, prevent, and respond to increasing cyber threats.

Across cloud services, LTI has ~2.3k FTEs, including ~1.5k certified consultants and ~250 certified cloud architects. It also has an additional ~2.5k DevOps consultants. It has ~150 clients across hybrid cloud managed services and cloud brokerage and orchestration.

SAP Capabilities

LTI has been delivering SAP services since ~1998. It now possesses a total SAP workforce of ~5k employees globally, including ~2.7k S/4HANA skilled resources and ~1k SAP cloud-skilled resources. It delivers SAP services to ~90 clients, including 15 active S/4HANA engagements and ~50 SAP on public cloud engagements. Its relationship with SAP spans three aspects: it acts as a delivery partner to clients, co-innovates with SAP to develop new offerings with SAP, and it's a client of SAP. It installed its own S/4HANA instance on AWS with ~5k users.

LTI initiated HANA services in 2011 when it launched a COE. It followed this with its first set of Rapid Deployment Solutions (RDS) in 2012 and has since focused successively on developing capabilities in BW on HANA, Suite on HANA (SoH), and then S/4HANA (beginning in 2014). It has launched a program to train all of its SAP resources on HANA and S/4HANA.

NelsonHall estimates LTI's CY 2019 revenues were ~$1.5bn, and total SAP revenues of ~$405m. NelsonHall estimates that LTI's CY 2019 SAP cloud migration services revenues accounted for ~25% of total SAP revenues or ~5.4% of total revenues (~$80m).

LTI has aligned its offerings to address the most common drivers of client's adopting SAP on the cloud. It has built a factory model that allows for cost-effective cloud adoption, supported by technical enablers.

LTI has ~31.5K FTEs; ~16% of its total resource capability focuses on SAP services (~5k). Of this, ~54% possesses HANA and S/4HANA skills (~2.7k).

LTI has a broad corporate investment in the cloud and is now looking to apply these broad skills to its SAP footprint. This will grow in importance as LTI's large enterprise client base has been slow to date in transforming their customized, legacy application base, but as SAP on cloud matures and ECC end of support comes closer, migrating to the cloud will increasingly be a route to improving the value proposition of modernizing the ERP landscape.

The investments that LTI has made in building automated migration assets and extensions provide it the ability to de-risk and accelerate migration while adding incremental value for the target industries supported by its offerings. Continuing to expand industry offerings to the sectors that have been slower to migrate SAP ERP environments to the cloud will help provide a compelling business case to drive faster adoption. Similarly, LTI can also look to expand its automated capabilities to improve the value proposition migration. While assets like LAMPS and S/4HANA Analyzer are mature, there are still opportunities to continue to invest in expanding their automated capabilities.

To deliver these transformative engagements, LTI will need to grow its client-proximate delivery teams increasingly. With ~70% of its SAP delivery workforce located in India, LTI should invest in expanding its workforce with business process and OCM skills that are located close to clients. This will position it well to support clients, as the scope and business objectives of SAP cloud adoption continues to be more transformation driven.

Scope of the Report

The report provides a comprehensive and objective analysis of LTI'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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