NEAT EVALUATION FOR NTT DATA:

Next Generation End-User Computing Services

Market Segment: Overall

Introduction

This is a custom report for NTT DATA presenting the findings of the NelsonHall NEAT vendor evaluation for *Next Generation End-User Computing Services* in the *Overall* market segment. It contains the NEAT graphs of vendor performance, a summary vendor analysis of NTT DATA in next generation end-user computing services, and the latest market analysis summary for next generation end-user computing services.

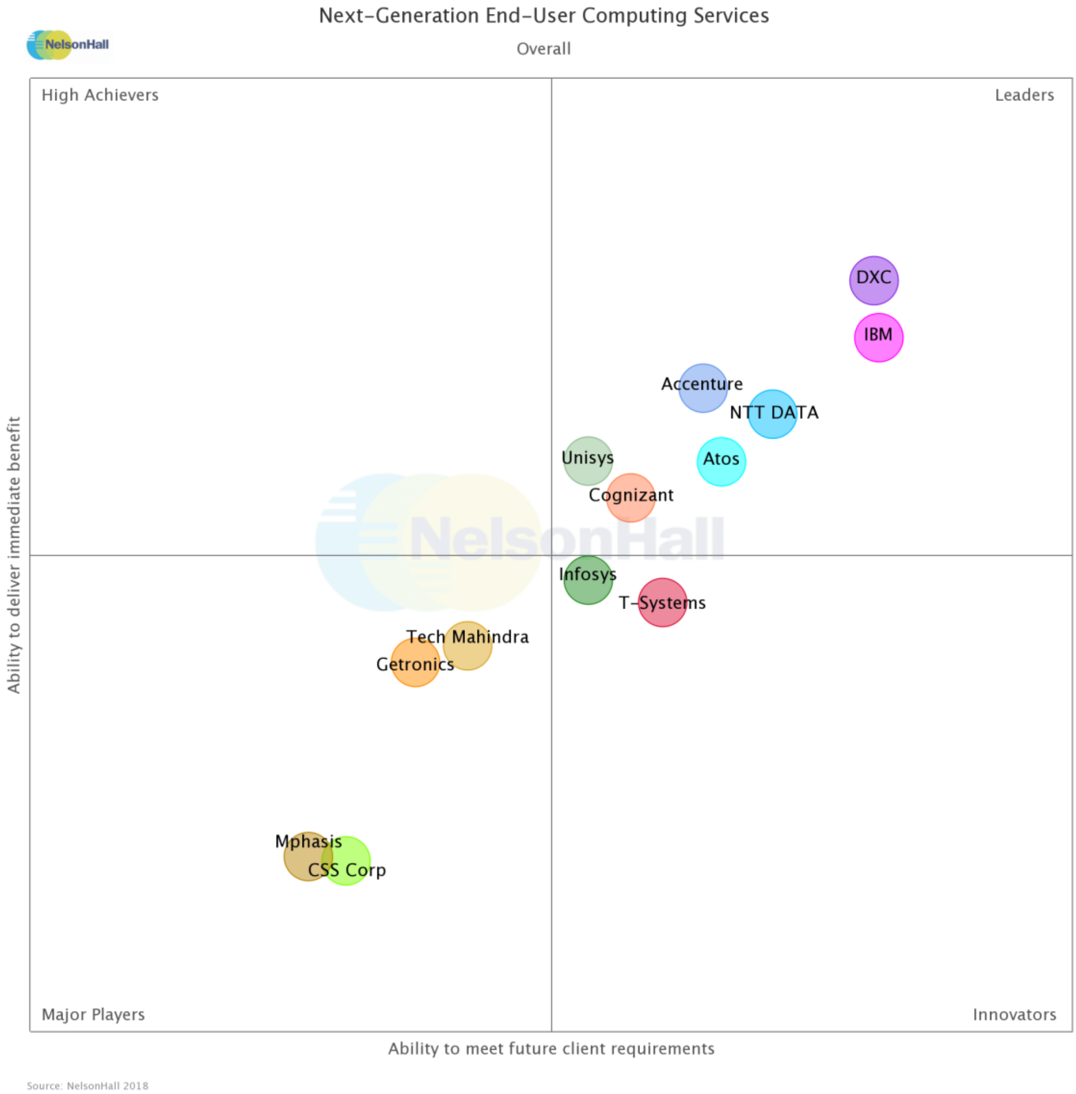
This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering next generation end-user computing services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on build services and run services.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are Accenture, Atos Cognizant, CSS Corp, DXC Technology, Getronics, IBM, Infosys, Mphasis, NTT DATA, Tech Mahindra, T-Systems, and Unisys.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Next Generation End-User Computing Services (Overall)



NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's overall ability to meet future client requirements as well as delivering immediate benefits to next generation end-user computing services clients.

Leaders are vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements.

Buy-side organizations can access the Next Generation End-User Computing Services NEAT tool (Overall) here.

Vendor Analysis Summary for NTT DATA

Overview

NTT DATA Communications Systems Corporation was spun off as a separate company from NTT Corporation in 1988, subsequently changing its name to NTT DATA Corporation in 1996. NTT Corporation retains a 54% shareholding in NTT DATA and NTT DATA works jointly with other companies in the NTT Group to deliver services to clients.

NTT DATA's acquisition of Dell Services for $3.06bn closed on 2, November 2016. The two companies have broadly complementary offerings and heritage, with NTT DATA bringing the application experience which the former Dell Services lacks, and the former Dell Services expanding NTT DATA's infrastructure services capability. The former Dell Services also provides NTT DATA with a broader footprint in the North American market.

The former Dell Services integrated with NTT DATA's North American subsidiary, NTT DATA, Inc., and was renamed NTT DATA Services.

The company has shared with investors that it wants to reach ¥2tn (~$18.1bn) in revenues by the end of FY17.

NTT DATA has a headcount of 100k (of which 33k is in Japan, and 14k is in the Americas).

NTT DATA takes a vendor agnostic approach to workplace services. It provides next generation end-user services under its Dynamic Workplace Solutions framework.

NTT DATA manages ~2m desktops, laptops, and other client devices. It also manages ~380k managed mailboxes, ~130k managed mobile devices, and supports ~380k enterprise communications users. It also handles 11m service desk contacts annually, with ~2.3k service desk agents across 16 global service desk locations., supporting ~4.4m end-users, and has ~11.6k FTEs in total across workplace services globally.

Financials

NTT DATA revenues for FY16 (ended March 31, 2017) were ~$15.3bn. NelsonHall estimates that revenues from infrastructure managed services will be ~$4.5bn, and of this ~22% is associated with EUC services (~$1bn)

NelsonHall estimates its next generation EUC services revenues for FY16 to be ~$250m.

Strengths

- Extensive virtualization capabilities
- NTT Corporation's R&D capabilities
- Strong toolsets incorporating both proprietary and third-party tools across end-user computing services
- Ongoing investment in automation in areas such as NLP and analytics, to identify sources of tickets and to automate predictable tasks.

Challenges

- Limited client footprint in EMEA
- Needs to develop further EUC service case studies
- Limited partnerships with third-party RPA software providers.

Strategic Direction

NTT DATA is looking to expand its next generation end-user computing services capabilities through the following:

Investing in Dynamic Workplace Solutions

NTT DATA is focusing on user-centric consumption, where it is seeking to drive end to end UX. It has an investment focus on the following areas:

- Driving self-help and self-heal
- Virtual agent, AI, RPA disciplines
- Omnichannel self-serve
- Expanding walk-in center capabilities
- Catalog option bundling inclusive of application capabilities
- Workplace hardware as a service options
- End-user experience analytics.

Developing Solutions for Intelligent Automation (SIA):

NTT DATA will continue to invest in capabilities with Blue Prism and IPSoft, to integrate their offerings, to expand its cognitive capabilities and increase the scope of tasks to be automated. In addition, NTT DATA has recently expanded its agreement with Automation Anywhere to include its RPA, cognitive, and analytics offering into its SIA automation ecosystem.

NTT DATA has developed several use cases for its Virtual Agent around IT support relating to ticket status, password reset, FAQs, etc, as it seeks to drive a user outcome based experience.

Next Generation End-User Computing Services Market Summary

Buy-Side Dynamics

The key decision factors in selecting a vendor to deliver next generation EUC services are:

- Ability to achieve cost savings and productivity
- Ability to improve flexibility
- Sector knowledge and cultural fit
- Improved end-user experience
- Advisory and consulting capabilities
- Ability to provide requisite cloud services
- Ability to bring innovation.

Market Size & Growth

The global next generation EUC services market is estimated by NelsonHall as ~$7,260m in 2017. It is expected to grow at 12.5% CAGR to ~$11,626m by 2021.

Success Factors

The key success factors for next generation EUC services vendors include:

- Consulting and advisory capabilities: successful vendors offer extensive onshore advisory and consulting services, supported by SMEs both on and offshore across next generation EUC services. In the initial stage, particular focus is on the migration to Windows 10, Office 365, UCaaS, and on business case development
- Automated migration capabilities: successful vendors offer a portfolio of automated tools and methodologies to enable the migration to next generation EUC services, without impact or disruption on the existing legacy environments. This includes IP and migration factories to industrialize migration, and the ability to offer self-paced and phased approaches to migration (in particular across Win10, Office 365, and SharePoint)
- Automation and self-serve across run services: successful vendors provide self-serve knowledge management capabilities, automated through chatbots and virtual assistants, with onsite tech bars, digital vending machines, and kiosks
- Proactive and predictive analytics: successful vendors provide proactive analytics to monitor and improve UX, and self-healing to prevent issues from occurring, deploying a mix of IP and partner solutions. They are also providing or developing cognitive, AI, and machine learning capabilities

- Vertical-centric offerings: successful vendors are integrating workplace technologies such as mobile enablement, device management, IoT asset tracking, analytics, omnichannel, and persona based user interfaces into industry-specific offerings
- Enterprise mobility management: successful vendors are focusing on security, including advanced threat detection and prevention, and on protecting the data on the device. Vendors are deploying technologies including Intune, in particular for clients migrating to Office 365. They are also providing a hybrid approach to EMM, and a modular based approach offering self-serve or managed service
- Focus on innovation: successful vendors are driving co-innovation initiatives with clients and ecosystem partners, and have dedicated workplace innovation leads
- Partner ecosystem: successful vendors have a strong partner ecosystem across workplace services, including with ISVs and digital start-ups, to provide leading edge technologies and complementary capabilities.

Challenges

Key challenges are:

- Clients are engaging IT service vendors to assess the level of effort needed to migrate to Windows 10 and Office 365. The drivers may be the need to move from Windows 7 or XP, or to improve security and be better prepared for new regulation (GDPR), or to improve workplace productivity and UX, by moving to a modern workplace environment. Many of these engagements are still at a project stage and not yet converting into full-scale Windows 10 or Office 365 implementations
- Clients are engaging vendors to reduce costs and improve service desk productivity and end-user experience, and to provide the transition to a next generation workplace. However, some RFPs still tend to focus on the traditional workplace services environment, making innovation harder within this framework
- Clients want vendors with capabilities to provide a next generation EUC environment, from up-front advisory and consulting, to the ability to provide workplace cloud based services, proactive and predictive analytics, ability to self-serve, automation through virtual agents, MDM/EMM capabilities, and security. In addition, they are challenging vendors to deliver tailored workplace solutions targeting specific industry objectives.

Outlook

The future direction for next generation EUC services will include:

- A greater emphasis on deeper personalization of services by persona (to drive end-user experience further) and on creation of a self-management environment
- The adoption of tech bars, vending machines, and digital lockers will significantly increase
- Proactive and predictive analytics with automated resolution will be deployed, creating greater proactivity in end-user support and incident resolution
- KPIs and SLAs will place more focus on end-user experience outcomes

- Chatbots will ingest greater self-learning and provide multilingual support; there will be cognitive virtual agents with greater decision-making capabilities
- VDI will become the enabler for application delivery in the digital workplace, with increasing adoption of Workplace as a Service (WaaS) capabilities
- Enterprise mobility management (EMM) will manage both PC and mobile environments, with adoption of Microsoft Intune increasing as clients migrate to Office 365 environments, with advanced threat detection and prevention as standard
- RFPs will encompass next generation EUC service requirements
- UCaaS and user device as a service (UDaaS) adoption will increase as clients seek to move from a CapEx to a consumption based model
- Vendor offerings will become aligned to industry-specific use cases
- Vendors will offer IoT integrated management services, and will use augmented reality across field services to provide remote technical services support.

NEAT Methodology for Next Generation End-User Computing Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers**: vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Desktop and/or application virtualization capability Windows 10 migration capability Office 365 migration capability UCC/UCaaS capability Next generation service desk capability Mobility capability (MDM/EMM) Identity & access management, end-user security & endpoint capability
Delivery	N. America EMEA APAC LATAM Dedicated resources for build capability Dedicated resources for run capability Ability to offer self-service & build knowledge base Ability to automate service desk using RPA & AI Ability to deploy analytics to improve end-user insights & overall experience Access to ISVs for next generation end-user computing services
Presence	Scale of operations - overall Scale of operations - N. America Scale of operations - EMEA Scale of operations - APAC Scale of operations - LATAM Overall number of end-user computing services clients
Benefits Achieved	Service desk productivity gains Increased end-user satisfaction Reduced number of service tickets Cost reduction Empower end-user through self-service & new methods of service desk communication

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Future Commitment to End-User Computing Services	Financial rating Commitment to next-generation end-user computing services Commitment to innovation
Investments in Next Generation End-User Computing Services	In IP & platforms In support of desktop/apps virtualization In support of Windows 10 migration In support of Office 365 In support of UC&C In support of service desk In support of MDM
Ability to Partner and Evolve Services	Key partner Ability to evolve services

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

research.nelson-hall.com

Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Guy Saunders at guy.saunders@nelson-hall.com