

IDC MarketScape

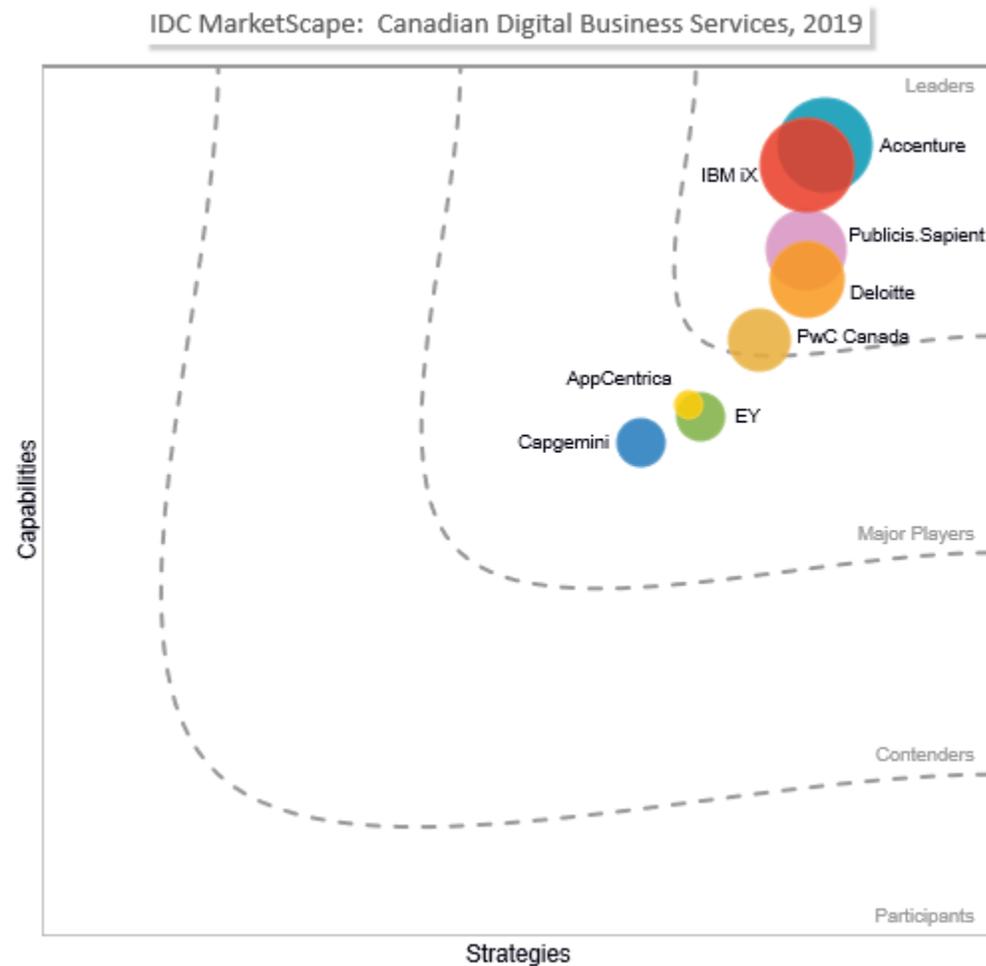
IDC MarketScape: Canadian Digital Business Services 2019 Vendor Assessment

Jim Westcott

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Canadian Digital Business Services Vendor Assessment



Source: IDC, 2019

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Canadian Digital Business Services 2019 Vendor Assessment by Jim Westcott (Doc #CA44501819). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Vendor Summary Profile, Appendix, Strategies and Capabilities Criteria, Also included is the IDC MarketScape Figure (Figure 1).

IDC OPINION

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success in Canada. This specific study assesses the capabilities and strategies of firms offering digital business transformation services, the combination of digital strategy consulting, digital enablement services (including technology integration), and digital agency services in an inclusive offering. This evaluation is based on a comprehensive framework and a set of parameters expected to be most conducive to success in this market during both the short term and the long term. A significant and unique component of this evaluation is the inclusion of an assessment of vendor performance against key characteristics determined by digital executives to be most important in vendor selection and delivery quality.

All firms profiled in this vendor assessment document performed well. Those evaluated included:

- Design/creative-led firms
- Business strategy-led firms
- Technology-led firms

Digital transformation (DX) has become one of the key competitive battlegrounds for IT and business services firms in Canada, and as a result, the market for consulting and implementation services is highly competitive, with large IT/business services firms joined by multinational digital agency and strategy consulting firms and small to medium-sized design and digital technology services firms, boutique firms, and niche providers.

Digital technology consultants are in demand. Well over 60% of Canadian medium-sized and large businesses have used external services firms for services associated with their digital strategy. These numbers reflect the importance of two key realizations: Canadian buyers are embracing transformation, and they are beginning to recognize the value of disruption. In many respects, transformation and disruption have been avoided by risk-averse Canadian businesses and their executives responsible for operations and management. There is a growing realization that "transformation," both small "t" and big "T," is a requirement to ensure long-term viability, which is pushing Canadian businesses beyond their traditional comfort zones.

Service providers also have to keep in mind that digital transformation services skills are essential for competitive positioning, thus traditional market values cannot be overlooked. Even in today's DX

services environment, customers value functional, business process, and industry capabilities, meeting project timelines and transferring knowledge to the client organization.

Other key findings include:

- The market for DX services is evolving quickly. The life cycle of service offerings has accelerated over time, and DX has been a major contributor to this acceleration. In less than five years, the market has quickly addressed IDC's five pillars of digital transformation:
 - Leadership transformation (creating an "outside in" business environment)
 - Omni-experience transformation (blending physical and digital experiences)
 - Information transformation (using information as a source of competitive advantage)
 - Operating model transformation (creating new digital revenue streams)
 - WorkSource transformation (ecosystems-based workforce innovation)

From a technology standpoint, omni-experience transformation, information transformation, and operating model transformation are the leading elements related to customer experience, application and infrastructure modernization, and the creation of new digital businesses and solutions. These foundational components have been augmented with additional digital innovation for data analytics, artificial intelligence (AI) and machine learning, automation, blockchain, and robotics to create robust solution offerings that can address a variety of transformation objectives.

All these services components, including digital agency services, and the ability to meet client needs for all these services innovations, have been, to varying degrees, addressed by the leading vendors in Canada, and their provisioning helps distinguish leading providers from other market participants. The creation and augmentation of well-rounded DX offerings and solutions represents the maturation of the IT and business services industry and reflects a variety of objectives, including:

- Designing DX projects and programs with clear outcomes and business problem resolution metrics
- Improving the retention and use of corporate and customer data to drive meaningful interactions and experiences
- Establishing and growing digital businesses and digital operations as separate business units or entities to drive business transformation based on digital technologies, assets, and experiences

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

IDC Canada set the following inclusion criteria for this research:

- Provide digital strategy consulting and digital agency services to Canadian customers
- Generate more than C\$3 million in annualized revenue from digital strategy consulting and digital agency services
- Committed to remaining in the strategy consulting market, defined as having proprietary digital services offerings and not exiting from the market for at least three years

This research includes the analysis of offerings from firms with business transformation services, ranging from digital strategy consulting and digital agency services to digital technology implementation and integration, cloud, mobility, AI/automation, and robotics solutions and services. For the purpose of this study, digital transformation refers to the changes associated with the

application of 3rd Platform technology in all the aspects of business and society. It is a process by which enterprises apply technical innovations to business strategies, revenue models, products, customer engagement, operations, and services. Examples of digital transformation services include:

- Strategize and plan:
 - Digital strategy consulting services
 - Digital agency services
- Execute:
 - Digital transformation professional services
- Manage and run:
 - BPO
- Support and train:
 - IT education and training

This vendor assessment is designed to evaluate the characteristics and performance of each firm in client settings, as opposed to simply each firm's size or the breadth of its services. This assessment considers firms that may be described as digital specialty firms as competitive with multidisciplinary firms. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a specific engagement. Enterprises should consider all relevant factors – internal and external – when determining which firm should be considered as potential candidates for any engagement.

ADVICE FOR TECHNOLOGY BUYERS

Digital transformation arguably represents the dissolution of front-office and back-office solutions as it stresses integrated solutions that address issues spanning the entire business spectrum. Customer experience cannot be disconnected from service and supply chain processes, and an integrated approach can lead to higher levels of satisfaction and retention.

Enterprise clients for digital business transformation services are advised to consider the following as they make choices on the best service providers to deliver on enterprise DX initiatives:

- **Design thinking and ideation.** This is perhaps one of the defining characteristics of the digital transformation services market. Design has moved to the forefront of innovative solution development as time to market and user acceptance have become targeted outcomes. Pursue relationships with vendors that have created strong methodologies for incorporating design thinking into solution offerings. Also, strongly consider the use of ideation services and design centres of excellence to experience solution creation options in near real time.
- **Iteration and prototyping.** In combination with design thinking, prototyping and rapid iteration have emerged as the ideal approach for getting solutions to end users quickly and making design and feature improvements in rapid succession. Ensure that services partners have expertise in Agile development methodologies to drive project deliverables through short sprints over a consistent delivery timetable.
- **Technology-enabled solutions.** Technology is a complement to business-focused solutions. As a result, it is critical to identify and select vendors that can successfully recommend and implement business-led technology-enabled solutions that address key business issues and problems.

- **Automation.** Self-service has emerged as a key feature of digital transformation offerings that allow end users a measure of control over their experiences and interactions with businesses. Services automation capabilities are important for streamlining business processes and for improving business operations, and its availability should be sought after by digital transformation buyers.
- **To find the right mix of digital and legacy.** Most mature businesses have technology investments that are difficult to replace, in form and function, and it is wiser to keep these investments in place. There are also a variety of technologies that can extend the life cycle of legacy solutions and allow businesses to apply digital transformation capabilities. If legacy solutions are part of the IT infrastructure, engage with vendors that have skills in legacy and digital transformation services.
- **To redefine business processes.** The "future of work" encompasses a variety of topics ranging from artificial intelligence (and automation) to changes in work structures to career opportunities in an evolving business economy. These changes, and others, will require the reorientation of business processes and workflows to accommodate shifts in demographics and activities that require fewer resources. External partners with strong views of the future of work and strong business process reengineering skills will be important to help set the stage for the transition to digital operations.
- **Customer centricity.** The rise of the digital economy has demonstrated the global nature of customer competition and the importance of ensuring best practices in customer relationship management, customer retention, and customer experience. Providers with digital customer experience skills will be important to ensure that the ultimate goal of any business – the creation and retention of customers – remains as the primary goal for any new technology or business process project.
- **A challenge-based corporate culture.** IT and business executives generally seem to be aware of the need for innovation and the challenges of becoming a digital enterprise. There are, however, a variety of obstacles that delay or postpone digital transformation. Canadian businesses have to create their digital road map but periodically review the process to ensure that the pace of change matches competitive pressures and industry transformation.
- **To get comfortable with disruption.** Canadian businesses are beginning to find a balance between conservative investment decision making and bold, disruptive investment actions. Buyers in this country are witnessing industry transformations spanning customer experience and marketing to supply chain and shop floor optimization. A new generation of IT and business executives are pushing their organizations to become digital leaders, and this is slowing transforming the broader Canadian business landscape.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Accenture

Accenture is positioned as a Leader in the 2019 IDC MarketScape for digital business services in Canada.

Accenture is a global IT and business services provider that has elevated Digital to its core set of service offerings, and the other being strategy, consulting, technology, and operations. Accenture

Digital is organized into three offering groups: Accenture Interactive (focus on customer experiences), Accenture Applied Intelligence, and Accenture Industry X.0 (core business transformation for operations, customers, and employees).

Accenture is positioning its digital services offerings providing customers with "new ways of working." Accenture's strategy is to work with customers to identify and resolve specific business issues. As a result, Accenture has created value propositions for Digital Experiences based on:

- **New value propositions.** Turning disruption into growth opportunities based on digital growth strategies, disruptive growth opportunities, and new business model development
- **Communication and engagement.** Working directly with customers using insights, perspectives, and data to advise strategy, new product and service development, and customer experiences.
- **Platforms and products.** Creating products and services based on the use of innovation hubs (including a location in Toronto, Ontario), Liquid Studios, Industry X.0, and machine learning/AI.

A significant component of Accenture's digital transformation initiatives is its FORM methodology. FORM combines Accenture's design thinking approach with Agile/DevOps methods and data/analytics to drive innovation in projects and value for customers. FORM is the common methodology across all of Accenture's business operations.

Strengths

Accenture is in many respects a market maker in the digital business transformation market having recognized the transformative nature of digital at an early stage and adapting its business model to accentuate digital offerings rather than declining services business and acquiring competitors with complementary skills. Accenture also continues to demonstrate thought leadership in the market, pushing the boundaries of digital transformation enablement for customers seeking to innovate and evolve. According to Canadian businesses, Accenture Digital is viewed as having strong capabilities in:

- Transferring project knowledge and insight to the client
- Meeting the project timeline
- Leveraging local or global staff and resources appropriately
- Providing functional or business process insights and competence

Challenges

Accenture continues to be aggressive in its digital transformation messaging and in applying design thinking to new and emerging technologies. The challenge for Accenture will lie in grounding its innovation message by continuing to solve real-world customer problems with existing digital technologies while readying the digital transformation road map with solutions that are still developing.

Consider Accenture When

Accenture was an early mover in this services market, and it continues to build a strong brand image and customer awareness and perception profile. Canadian organizations with requirements for executing large, complex, and integrated digital transformation projects should consider Accenture to help shape, optimize, and run DX experience projects for customers, employees, and business partners.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Digital Services

Digital services denote a new approach for creating, developing, selling, delivering, or consuming products or services; engaging with customers; and operating a business with increased agility, flexibility, and scalability.

A digital approach is synonymous with using any of the components of the 3rd Platform. Digital transformations typically involve improvements to customer-facing activities or business processes (i.e., "customer engagement" processes), but this is not a requirement because it is possible to have a digital approach applied only to a back-office process such as machine maintenance, IT operations, or supply chain management. Digital transformations can be applied to B2C, B2B, or enterprise interactions and typically involve a relative increase in the speed with which products, services, or information can be created, offered, or consumed. This can be done in several ways, for example, by connecting business processes in a more seamless end-to-end configuration either for faster execution or an improved user experience or by optimizing human intervention (or other analogue inputs), which had previously delayed or complicated the completion of an end-to-end business process.

Digital Transformation

Digital transformation refers to the changes associated with the application of 3rd Platform technology in all aspects of business and society. It is a process by which enterprises apply technical innovations to business strategies, revenue models, products, customer engagement, operations, and services.

Digital transformation is accomplished through business or IT lead project-oriented initiatives. Digital transformation includes at least one of the following 3rd Platform technologies: cloud, business analytics, enterprise mobility, or social. IDC also includes all innovation accelerators in digital transformation spending (IoT, next-generation security, robotics, cognitive computing, and augmented/virtual reality).

Digital transformations can be applied to any function within an organization. For example, creative design typically provided by digital agencies can be included as part of the Internet of Things or a mobile application or in the planning of digital media campaigns. While not a requirement, digital transformations can create innovations that disrupt business processes, functions, or entire industry value chains, for example, by disaggregating or reaggregating these elements, by introducing consumers earlier in a process, or by changing their role to that of a prosumer – one who is also a coproducer of products or services created in a value chain.

Digital Transformation Services

Some examples of digital transformation services are described in the sections that follow.

Strategize and Plan

Digital Strategy Consulting Services

Incorporating attributes and examples of a digital approach as previously described, digital strategy consulting services are engagement services through to the point of full-scale development and operation (sometimes referred to as to the point of producing minimally viable products [MVPs]).

Digital strategy consulting services are typically engaged to define the goals, vision, business architecture, organizational model, talent needs, data requirements, analytic models, technologies, and other dimensions for the business and mobilizing resources to achieve business objectives. Digital strategy services are those offered to advise and assist businesses in creating, selling, delivering, or consuming products or services with increased agility, flexibility, and scalability. Digital strategy consulting services incorporate the use of 3rd Platform technologies, typically including cloud, big data and analytics, mobility, artificial intelligence, social networking, next-generation security, the Internet of Things, and other 3rd Platform technologies and innovations.

In addition, digital strategy consulting services includes cognitive business consulting services. Cognitive business consulting services include the use of cognitive, artificial intelligence, and M2M solutions to aid in the design of business and product strategies, customer engagement, and performance and operational improvement plans.

Digital Agency Services

Digital agency services primarily target the online audience, whether through traditional media, social media, pay per click, responsive web design, or mobile devices and includes agency services plus the technology selection, implementation, security, application development services closely related to

agency services. Digital agencies help clients understand, influence, and service end customers, including end consumers and partners. IDC recognizes digital agency activities in four primary groups:

- Strategy services
- Design services
- Marketing services
- Technology selection, implementation, integration, and development services related to agency services

Specific activities within these four groups typically combine digital strategy consulting as previously defined, data services, and other services specific to the agency services market and may be delivered either in a project-based engagement or as an outsourced service or a combination of both. Digital agency services are typically offered by specialty firms (digital agencies) or by business and IT consulting providers through a portfolio of digital and design offerings.

Execute

Digital Transformation Professional Services

Digital transformation professional services involve any of IDC's five project-based services (business consulting, IT consulting, systems integration, custom application development, and network consulting and integration) when used to create enterprisewide change requiring innovation in either organizational (i.e., people) or business model/process changes or both as a part of planning, designing, and implementing cloud services plus at least one of the following: business analytics, enterprise mobility, or social business technologies.

The core of the 3rd Platform that is defined as IT is built on mobile devices, cloud services, social networks, and big data and analytics. 3rd Platform services are defined alongside the four pillars of the 3rd Platform: business analytics services, cloud professional services, enterprise mobility services, and social business services as well as digital services, which are characterized by the use of at least one but most often more than one of the four pillars.

Manage and Run

Business Process Outsourcing as a Service

Business process outsourcing involves the transfer of management and execution of one or more complete business activities, business processes, or entire business functions by a customer to an external (third-party) services provider or an outsourcer.

Support and Train

IT Education and Training

Training content, developed and delivered on the topic of digital transformation, would be included.

Strategies and Capabilities Criteria

A firm's contribution (elements) to client success and the relevance of the particular engagement issue combined with IDC's opinion about the impact those elements have on the selection of firms provide a unique weighting of these elements for use in evaluating a firm's overall strategy and capability. Overall, a firm's strategies and capabilities are measured by which firms address market opportunity and realize market success (see Tables 1 and 2).

TABLE 1**Key Strategy Measures for Success: Canadian Digital Business Services**

Strategies Criteria	Criteria for Success	Subcriteria Weight (%)
Functionality or offering strategy	Specific offering road map	15.0
Delivery	<ul style="list-style-type: none">▪ Methodologies▪ Implementation methods	22.5
Financial/funding	<ul style="list-style-type: none">▪ Profit and growth▪ Financial performance	10.0
Growth	<ul style="list-style-type: none">▪ Adjacent portfolio growth▪ Customer growth	15.0
Other	<ul style="list-style-type: none">▪ Sales/distribution strategy▪ Marketing▪ Customer service▪ Employee strategy	32.5
Innovation	Customer assessment of vendor's innovation	5.0
Total		100

Source: IDC, 2019

TABLE 2**Key Capability Measures for Success: Canadian Digital Business Services**

Capabilities Criteria	Criteria for Success	Subcriteria Weight (%)
Functionality or offering	<ul style="list-style-type: none"> ▪ Product/service-specific features ▪ Essential capabilities ▪ Marketing capabilities ▪ Employee management 	36.5
Pricing model or structure of product/offering	<ul style="list-style-type: none"> ▪ Pricing model ▪ Pricing models offered 	10.0
Portfolio benefits	<ul style="list-style-type: none"> ▪ Related services portfolio ▪ Related offering portfolio 	16.0
A range of services	<ul style="list-style-type: none"> ▪ Required spectrum of IT services (customer input) ▪ Other offering capabilities 	14.0
Customer service delivery	Geographic footprint of support	5.0
Customer service offering	Company's services organization is aligned with priority customer segments and executing well	10.0
Customer satisfaction	Overall satisfaction (customer input)	8.5
Total		100

Source: IDC, 2019

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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